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Friday March 12 1984

Table with exchange rates for various countries including Australia, Belgium, Canada, etc.

No 29,270

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER Tuesday March 13 1984

No women, blacks or Jews: the makings of a President, Page 4

NEWS SUMMARY

GENERAL Namibia plan gets cool reception

South Africa's proposal of a multi-party conference to resolve the conflicts in Namibia and Angola was greeted yesterday with caution and some scepticism by African and Western diplomats.

BUSINESS Dollar regains more lost ground

DOLLAR was firmer, recovering more recent lost ground, on speculation that the Federal Reserve would tighten its grip on inflation by putting upward pressure on interest rates.

EEC rifts remain as Brussels talks enter final phase

BY JOHN WYLES IN BRUSSELS

The European Community yesterday entered the last week before its vital summit with both farm and foreign ministers unable to generate convincing hopes of success.

The two groups of ministers met separately late into the evening in attempts to narrow their differences over key agricultural and budgetary issues, but their exchanges had increasingly taken on the character of a trial of nerves.

On agriculture, France, which presides over the Council of Ministers, appeared ready to weaken the summit's chances of success by leaving difficult farm problems for it to settle.

Whether the desire to avoid another abortive summit after the debacle at Athens in December will be powerful enough to generate compromise may not be clear until the heads of government come together next Monday.

UK coal miners clash as strike widens

By John Lloyd and David Brindle in London

BRITISH mining union leaders succeeded yesterday in bringing out on strike just over half the country's 84,000 miners in protest at pit closures.

Other miners are waiting to vote on the issue. Mr Mick McGahey, vice-president of the National Union of Mineworkers (NUM), predicted a "total stoppage" by the end of the week.

Heavy picket lines at South Wales and Scottish mines, where there has been opposition to a strike, deterred thousands of men from working.

Mr Peter Walker, the Energy Secretary, and Mr Ian MacGregor, the National Coal Board (NCB) chairman, both emphasised yesterday the splits in the miners' ranks.

Mr Walker, speaking in the House of Commons, said: "I am not going to intervene in what is basically a clear-cut position of a management that wishes to invest more in economic pits, cut out the burden of uneconomic pits and do it in a civilised, generous way."

Mr MacGregor, speaking in North-East England, warned that "prolonged strike action could probably accelerate the programme of pit closures."

Senate may try to curb U.S. oil bids

BY WILLIAM HALL IN NEW YORK

PLANS FOR a six-month moratorium on mergers between the top 50 U.S. oil companies, which would include Shell's \$13.2bn bid for Gulf and Mobil's \$5.7bn bid for Superior Oil, will be introduced in the U.S. Senate today.

A similar move earlier this month was defeated by 52 votes to 42, but following Sunday's announcement of Mobil Oil's \$45 per share offer for Superior Oil there is growing evidence the U.S. Congress is poised to act to curb the series of mega-mergers in the U.S. oil industry.

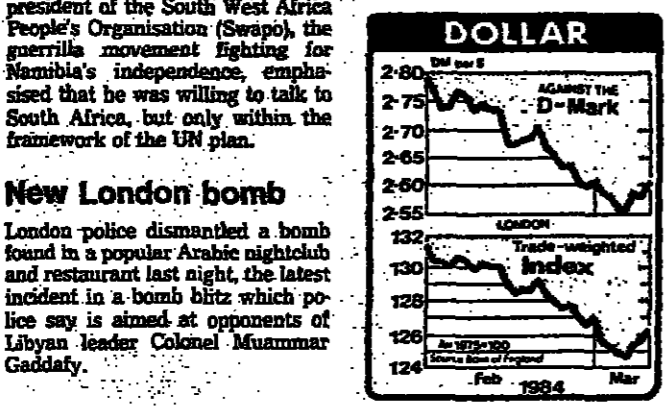
Since the beginning of the year Texaco has agreed to take over Getty Oil for \$10.1bn and Royal Dutch Shell is offering to buy out the minority in Shell Oil for \$5.2bn.

Superior has no marketing or refining operations, unlike most of the other takeover candidates in the U.S. oil industry.

There are signs that U.S. politicians are becoming increasingly concerned about what they see as unproductive mergers in the oil industry.

Senator J. Bennett Johnston, the senior Democrat on the Senate energy committee and the author of the six-month ban, said yesterday the result of the current merger mania in the U.S. oil industry will be fewer and bigger oil companies which are much more in debt and will have less money available for finding new oil and gas wells.

Senator Howard Metzenbaum, another trenchant critic of the current merger wave, has described the mergers as "almost obscene."



STERLING fell 80 points to \$1.4255 and to £221.25 (1327.5), but improved to DM 3.185 (DM 177), FF 11.645 (FF 11.8125), and SwFr 3.13 (SwFr 3.12).

GOLD fell 54 in London to \$397.75. In Frankfurt it fell \$5.5 to \$394.5, and in Zurich it closed \$3.5 down at \$391.

LONDON: FT Industrial Ordinary Index rose 3.2 to \$44.1. Government securities showed gains averaging almost 0.35 per cent.

WALL STREET: Dow Jones industrial average closed 15.50 up at 1,165.36. Report, Page 25. Full share listings, Pages 28-29.

NYSE: Nikkei Dow index rose 88.33 to 10,088.54. Stock exchange index increased by 11.25 to 796.46.

MALAYSIA has announced measures to restore confidence in the Kuala Lumpur commodities exchange and to curb excessive speculation.

PAKISTAN is to sign an exploration agreement with Kuwait Overseas Petroleum Exploration.

DUTCH Government has promised Fokker F1 800m (\$280m) long-term loans to help to develop two new aircraft. Page 16.

PORTUGAL is to cut its import surcharge from 30 per cent to 10. Page 8.

EMS wins plaudits but no promises for growth

BY OUR COMMON MARKET CORRESPONDENT IN BRUSSELS

EUROPEAN COMMUNITY economic and finance ministers yesterday celebrated the European Monetary System's fifth birthday by declaring satisfaction with its achievements but giving only the vaguest of undertakings to develop it further.

The discussion confirmed that the experience of the past five years was served only to strengthen the hopes and fears that surrounded the EMS when it was launched on March 13 1979.

Bonn's reservations about making the EMS anything more than a D-Mark-dominated currency system seem as strong as ever. Italian, Belgian and European Commission enthusiasm for creating a genuine currency system based on the European Currency Unit (Ecu) remains undiminished, and the UK still holds the unwavering conviction that sterling's status as a petrocurency makes its immediate participation in the EMS "inappropriate."

Nevertheless, the 10 rallied behind a statement affirming that the EMS had achieved the basic objective set for it by the EEC summit in Bremen in the summer of 1978.

Exchange-rate fluctuations had been considerably reduced, the co-ordination of monetary supplies strengthened and there has been considerable progress towards the convergence of economic situations, said the declaration delivered without comment to a new conference by M Jacques Delors, France's Finance Minister and current President of the Economics and Finance Council.

According to their original undertakings, the 10 should have created in the spring of 1981 a genuine EEC central bank and a coherent policy towards the dollar.

Sharp to build £15m VCR plant in Wales

BY TERRY POVEY IN TOKYO

SHARP, one of Japan's leading manufacturers of consumer electronics and business machines, yesterday announced plans to spend £15m (\$22m) on building a video cassette recorder (VCR) plant in Wrexham, North Wales.

Construction of the plant is due to start in April and production is expected to start in February 1985. Output is expected to reach 60,000 units a year initially with 240,000 as a target for 1990.

First production from Wrexham will be for the UK market, but Sharp hopes to export to other EEC countries later. To meet the EEC's understanding on local content for Community circulation, Sharp would need to build local content up to about 45 per cent.

In Scotland, those miners set to rebel against the executive's strike call were repelled or worn down by heavy picketing.

Continued on Page 16

Unsung success story, Page 15

Heavy Gulf fighting reported again in the Gulf with evidence mounting that Iraq had used chemical warfare. A third Iranian soldier died of chemical-induced wounds in Vienna.

Lebanon state radio reported last night from its correspondent at the country's national reconciliation conference in Lebanon that its leaders had agreed on a total ceasefire. Earlier story, Page 5.

Irish Premier Dr Garret FitzGerald discussed efforts for peace in Northern Ireland in talks in New York with United Nations Secretary-General Javier Perez de Cuellar.

Irish police believe that the country's most wanted terrorist, Dominic McCloskey, masterminded yesterday's raid at the Dublin offices of American Express in which travellers' cheques worth £500,000 (\$700,000) and £18,000 cash were stolen.

Henri Eichholtz, 27, of France, was jailed for four years by a Tel Aviv court for helping a Palestinian guerrilla organisation to plan a bombing of a tower office block.

An Egyptian court impounded all available copies of U.S.-made film on the life of the late President Anwar Sadat until it decides on a case against its American producers.

Vietnam rejected proposals made by the Association of South-East Asian Nations calling for a gradual withdrawal of Vietnamese troops to bring about a solution of the Kampuchean problem.

Bears are vanishing from the Pyrenees and French conservationists called for urgent action to prevent their extinction.

Barclays plans powerful role in world securities trading

BY DAVID LASCELLES AND JOHN MOORE IN LONDON

BARCLAYS BANK, Britain's largest, yesterday disclosed plans for a powerful new international securities company based on a partnership with two leading members of the London Stock Exchange.

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Fuller Peiser Chartered Accountants & Financial Services

EUROPEAN NEWS

Gonzales stands firm on tough economic policy

BY DAVID WHITE IN MADRID SR FELIPE GONZALEZ, the Spanish Prime Minister, has come to the aid of his beleaguered Industry Minister, Sr Carlos Solchaga, with a promise to press ahead with tough policies towards overmanned sectors such as steel and shipbuilding.

Spain pursues terrorism problem at UK talks

BY OUR MADRID CORRESPONDENT THE SPANISH Government is pursuing its campaign for greater European co-operation in combating terrorism with a two-day visit to London by Sr Jose Barrionuevo, the Interior Minister.

Vienna and Belgrade close ranks in face of East-West tension

BY PATRICK BLUM IN VIENNA THE VISIT to Austria of President Mika Spiljak, of Yugoslavia, which starts today, will strengthen ties between the two countries in face of what both see as increasing East-West polarisation.

France seeks role in Norwegian gas field

BY FAY GJESTER IN OSLO THE EUROPEAN Community, and in particular France, would like to see its industry involved in the early development of Norway's giant Troll gas field.

Swedes win Sun Oil deal

GOTAVERKEN ARENDAL, the Swedish shipbuilder, will be named as prime contractor for Sun Oil's Balmoral oilfield floating production platform later today.

W. German EEC withdrawal puts terrorists' bomb claim

Cologne - Terrorists have claimed responsibility for a bomb attack early yesterday on government-owned foreign aid agency, police said.

Greenland in turmoil

NUUK, Greenland - This vast Arctic island was in a political crisis yesterday after the Government won parliamentary backing for the terms making Greenland the first country to opt out of the European Common Market.

EEC withdrawal puts Germans flee to the West

HANNOVER, An East German border guard posted a fence and two bricklayers fled across a heavily mined section of the Communist frontier yesterday in two escapes to the West, authorities said.

Glemp faces 'double rebellion'

WARSAW, Cardinal Jozef Glemp, Poland's Roman Catholic primate, yesterday returned from a 27-day tour of Rome, Argentina and Brazil to face a double rebellion within the church.

W. German hours battle hot up

BY JAMES BUCHAN IN BONN BATTLE LINES in the struggle over a shorter working week in West Germany hardened yesterday when 6,000 workers in the metal industry staged short "warning strikes" in support of the introduction of a 35-hour week without loss of pay.

£1bn 'lost down Irish green holes'

BY OUR DUBLIN CORRESPONDENT AS MUCH AS £1bn (£810m) has disappeared from the Irish national accounts for the year just ended, according to Dr Antoine Murphy, a senior lecturer in the Department of Economics at Trinity College, Dublin.

Chernenko presses line on cruise in talks with SPD

BY ANTHONY ROBINSON THE NEW Soviet leader, Mr Konstantin Chernenko, yesterday told a delegation of West German Social Democrats led by Herr Hans-Jochen Vogel, the SPD opposition leader that the Soviet position on resuming cruise talks with the West was unchanged.

Turkey proposes non-aggression pact for Cyprus

By David Baruch in Ankara THE TURKISH Cypriot leader, Rauf Denktaş, has challenged the Greek Cypriot administration to accept a non-aggression pact.

BDI chief appointed

BY JONATHAN CARR IN FRANKFURT THE LONG search for a successor to Dr Rolf Rodenstock, president of the Federation of German Industry (BDI) since 1978, has ended.

Comparison of U.S. Department of Commerce figures for profits made by U.S. companies in Ireland with the official statistics available in Dublin, he claimed, shows that the proportion of funds repatriated to the U.S. is significantly under-estimated and he argues that this situation is repeated across the Irish economy.

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OVERSEAS NEWS

Evidence mounts of chemical weapons use by Iraqis

HEAVY FIGHTING was reported again yesterday in the Gulf war as evidence mounted that Iraq has used chemical weapons to push back Iranian offensives. Dr Herbert Mandel, the head of the Austrian team treating Iranian victims in Vienna, said yesterday that the three soldiers who had so far died had been subjected to mustard gas poisoning. "The cause of death was definitely the effects of mustard gas and yellow rain; we have established that now without doubt," he said. Three other Iranian troops in Vienna were in a critical condition and Dr Mandel said they were not expected to live. Iraq claimed yesterday to have driven back another Iranian offensive to the north-east of Basra where the heaviest fighting has been concentrated for the past fortnight. An Iraqi military spokesman said that a "very large number" of Iranian troops had been killed or wounded and the attacking force "completely wiped out". The scene of the fighting is believed to have been the area around the Majnoon oilfields, just inside the international border, which the Iraqis are still holding. Ali Akbar Velayati, the Iranian Foreign Minister, who

Gemayel gets cool reception at talks

By Anthony McDermott THE LEADING representatives of the Lebanese Left gave a deliberately cool reception to the speech by President Amin Gemayel in Lausanne yesterday to open the second round of the Lebanese reconciliation conference. However, the conference completed a first two-hour session in which they agreed to establish a multi-party committee to set up a ceasefire in Lebanon. Mr Gemayel delivered his conciliatory but somewhat bland speech from a table on his own, flanked by two large Lebanese national flags, in a small, elegant conference chamber in the Beau Rivage Hotel. Mr Walid Jumblatt, the Druze chief and leader of the Progressive Socialist Party, at a separate table, had decorated his place with a small red-and-white party flag. He and Mr Nabih Berri, head of the Shia Amal Party pointedly looked ahead as the President read his speech in uncharacteristically subdued tones, while the other six representatives of the main Lebanese political and religious factions followed the text. They also applauded at the end while Mr Jumblatt and Mr Berri did not. Trivial as these gestures might seem, they underline the very considerable differences between the two main sides.

Assad's brother gains succession foothold

BY ROGER MATTHEWS, MIDDLE EAST EDITOR THE APPOINTMENT of three vice-presidents in Syria provides confirmation of the struggle for the succession which was provoked by President Hafez Assad's serious illness last autumn. Although the appointments in no way prejudice the issue, they do provide a major constitutional foothold for Mr Rifaat Assad, the President's controversial younger brother who has been manoeuvring for a more public assertion of his right to claim the presidency should it fall vacant. Rifaat Assad has been appointed second vice-president after Mr Abdul-Halim Khaddam who is described as first vice-president for political and foreign affairs. Mr Khaddam's presence at the Lebanese reconciliation talks in Lausanne emphasises the probability that Lebanon will continue to be his primary concern. Described by a Western diplomat as the "Gromyko" of the Syrian regime, Mr Khaddam is an immensely experienced politician who has won considerable respect in Damascus without achieving the military power base which would make him a stronger contender for the highest office. Rifaat Assad, on the other hand, does have that power base through his command of the Defence Brigades, the 25,000 strong unit which is charged with the ultimate defence of the regime. Equipped with the

latest and most sophisticated Soviet equipment, the Defence Brigades are primarily deployed around Damascus and would have a powerful influence on any future power struggle. Rifaat Assad has not, however, succeeded in widening his military command. Reports from Damascus suggested that he was seeking to add the Ministry of Defence to his portfolio, but this remains in the hands of the long-serving General Mustapha Tias. President Assad has always been careful to spread military power over a number of commands and will have been all too aware of the clash of personalities between his brother, the head of military intelligence and the commander of

the Special Brigades, the elite unit which distinguished itself last year by its stubborn defence of the Damascus to Beirut road during the Israeli invasion of Lebanon. The third vice-president in the new constitutional arrangement is Mr Mohammed Zuhair Mashraqa, the regional under-secretary of the ruling Baath Party. His primary task is likely to be the maintenance of close links between the party and the Government and to represent special interests at the highest levels of the regime. How closely the three men need to work together will depend in large part on the extent to which President Assad's health dictates that he should

Vietnam turns down Asean troop proposal

By Kieran Cooke in Jakarta VIETNAM HAS REJECTED the latest proposal by countries in the Association of Southeast Asian Nations (Asean) for a settlement of the Kampuchea question. After more than six hours of talks between Prof Mochtar Kusumaatmadja, the Indonesian Foreign Minister, and Nguyen Co Thach, his Vietnamese counterpart, Prof Mochtar said that an Asean appeal made to a withdrawal on a zone-by-zone basis of an estimated 170,000 Vietnamese troops from Kampuchea had been turned down by Co Thach. Co Thach told Dr Mochtar that the appeal amounted to a unilateral withdrawal of Vietnamese troops which was totally unacceptable.

Zimbabwe output declines by 4% in 1983

BY TONY HAWKINS IN HARARE ZIMBABWE'S real Gross Domestic Product fell at least 4 per cent in 1983 according to the Reserve Bank of Zimbabwe. The Central Bank, in a rather sombre review of the Zimbabwean economy published yesterday in the quarterly economic review, says that this followed a 2 per cent rise in real GDP in 1982. More recently compiled official estimates, however, suggest that in 1982 there was a small decline of about one per cent in output. The Bank attributes the decline to a 15 per cent fall in agricultural production. Out-

put also fell in manufacturing and distribution. The Central Bank says that recovery in the overall external payments position, says the Bank. This is because invisible payments will continue to rise, capital inflows will be small and the major capital repayments have to be made. The Bank calls for a continued policy of export promotion, restraint on invisible payments abroad and intensified efforts to attract capital inflows. It says that Zimbabwe's overall balance of payments deficit in 1983 is likely to have been significantly higher than the

Charges dropped

Financial Times Reporter CHARGES HAVE BEEN DROPPED against two correspondents in South Africa for foreign newspapers, Mr Allister Sparks of the Washington Post, and Mr Bernard Simon of the Financial Times. Mr Sparks had been charged with quoting a banned person in a newspaper article, and Mr Simon, together with Mrs Sue Sparks, of "defeating the ends of justice." No case was presented in the Johannesburg magistrates' court yesterday.

Murdered Malaysian banker trial starts in Hong Kong

BY ROBERT COTTRELL IN HONG KONG MR MAK YOON-THAN, the 32-year-old Malaysian charged with the murder in Hong Kong last July of Mr Jalil Ibrahim, an executive of Bank Bumiputra Malaysia, pleaded not guilty when his trial opened here yesterday. The trial was then adjourned for a week at the request of Mr Colin Munro, defence counsel, who told the court that he had only just met his client and required more time to prepare the case. Mr Jalil was seconded last year from Bank Bumiputra in Kuala Lumpur to Bumiputra

Malaysia Finance (BMF), the bank's wholly owned Hong Kong subsidiary. His posting coincided with investigations into large loans made by BMF to certain Hong Kong property developers, including the now-bankrupt Carrion group, to which BMF lent HK\$4.6m (£397m at current exchange rates). Mr Jalil was found strangled in a banana plantation in the Colony in July. Mr Mak was arrested in August. Prior to the arrest, Mr Mak was injured in a fall. He walked into court yesterday with the aid of a crutch.

Rajiv Gandhi tightens grip on Congress

BY K. K. SHARMA IN NEW DELHI THE Indian Prime Minister's son, Mr Rajiv Gandhi, at the weekend started the process of preparing the Ruling Congress (I) for parliamentary elections and, in effect, demonstrated that he is now in virtual control of the party. He did this by organising a conclave of more than 2,500 Congress members of parliament and state legislatures and other senior party leaders where they were questioned on the steps taken by them to nurture their constituencies. The questioning was resented by many delegates, notably by the senior members in the party, but there is little they

can do as Mrs Indira Gandhi has given her support to Rajiv's efforts. Nominally, Rajiv is one of the five general secretaries of Congress. The conclave can be considered a landmark because of the tightening of the reins by Rajiv on the Congress organisation and also because it signalled the start of preparations for the coming elections. The conclave also indicated that the recent speculation that Mrs Gandhi would call an early election has been ill-founded. Rajiv has announced that the national Congress meeting of parliamentaries held in New Delhi at the weekend will be

Charges dropped

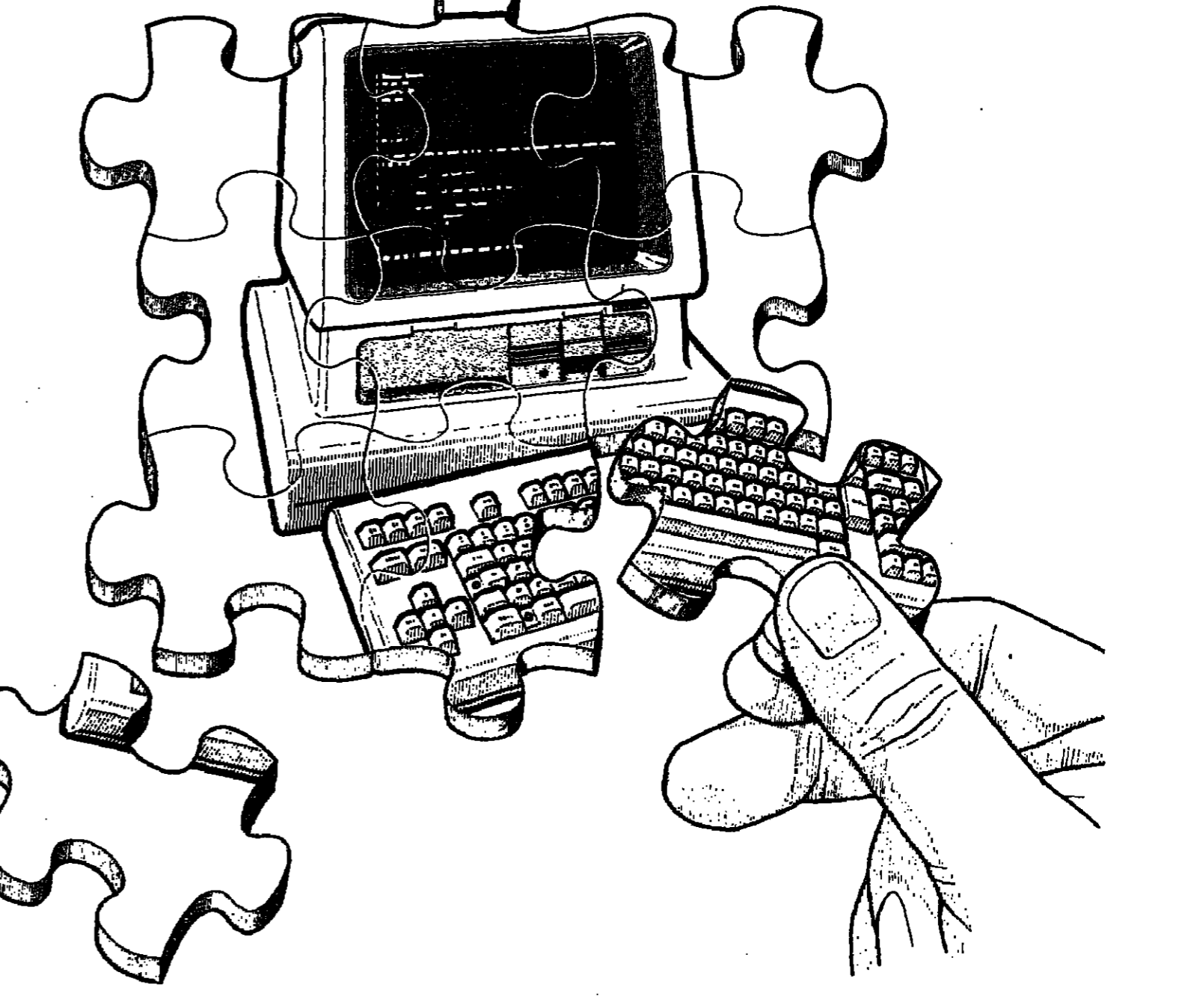
Financial Times Reporter CHARGES HAVE BEEN DROPPED against two correspondents in South Africa for foreign newspapers, Mr Allister Sparks of the Washington Post, and Mr Bernard Simon of the Financial Times. Mr Sparks had been charged with quoting a banned person in a newspaper article, and Mr Simon, together with Mrs Sue Sparks, of "defeating the ends of justice." No case was presented in the Johannesburg magistrates' court yesterday.

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AMERICAN NEWS

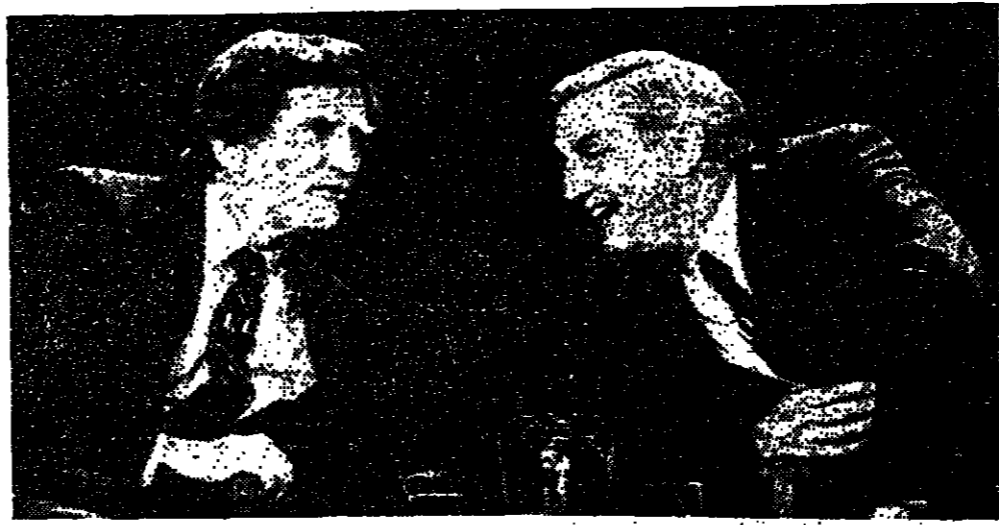
U.S. capital spending plans revised upwards

By Stewart Fleming in Washington
The U.S. corporate sector has revised its capital spending plans for 1984 sharply upwards as a result of the unexpectedly strong performance of the economy in the past few months, the Commerce Department reported yesterday.

Super Tuesday test for Mondale's battered credibility

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

"It's a nice-looking bun," said Mr Lane Kirkland at the weekend. "but where's the beef?" Mr Kirkland, leader of the country's largest trade union federation, the AFL-CIO, was borrowing a current American hamburger advertisement to take a swipe at a fellow Democrat.



Hart v Mondale... the key test happens today

Descending from his chartered Boeing 727 in Mobile on Friday evening, Mr Mondale took the unprecedented step of announcing that he candidly expected to win Alabama in the first time he had predicted a primary result, and a considerable gamble. If he now loses, his credibility will be devastated.

president, his long list of party and senate credentials and his "guts and compassion". Mr Hart, he makes out is no more than a trendy flibberty-gibbet whose latest vogue has no more substance than that of the Cabbage Patch doll.

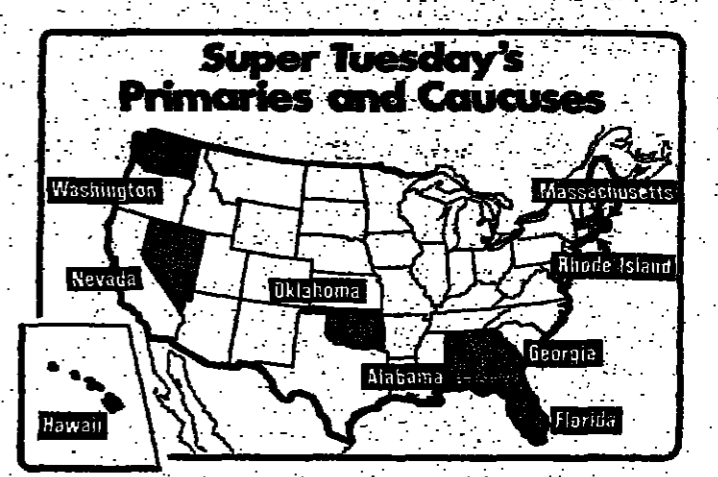


John F. Kennedy image has done him nothing but good. If the polls are to be believed, about 60m people across the nation have swung to Mr Hart in the last few days. Without the media, and especially television, it could not have happened.

Wanted, for the world's top job: A white Protestant man

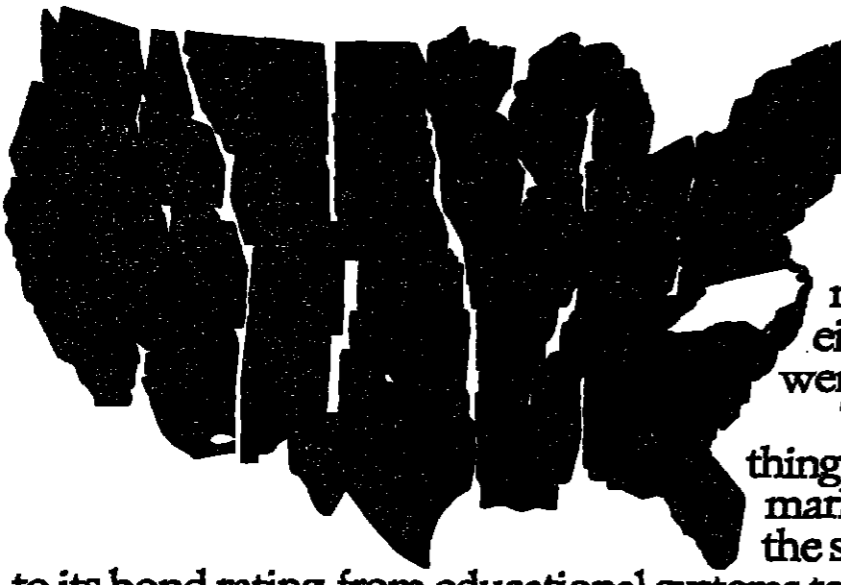
IT IS one of the greatest of American myths that any child born in the U.S. can grow up to be President. But history tells a rather different tale. With one exception (President John F. Kennedy, who was Roman Catholic) all U.S. Presidents have been white, Protestant males.

The main difference is that in caucus states the process is public and can take several months. In primary states a primary voter pays one single visit to a voting booth. But the main political impact in caucus states comes with the results of the first expression of grass roots preference, rather than when delegates are finally appointed.



about \$40m for the campaign, plus additional personal allowances. But the law is unclear about how far private groups of supporters can raise money and campaign for the candidate of their choice independently.

ALMOST 25% OF ALL THE FOREIGN COMPANIES WHO CAME TO THE U.S. LAST YEAR CAME TO THE SAME CONCLUSION.



When a company considers an overseas operation, it takes the United States apart. State by state. According to the most recent 12-month figures, eighty-one companies went through the process. They examined everything from proximity to markets to labor force, from the state's business climate

to its bond rating, from educational systems to livability. And when they were through, with 50 states to choose from, 18 of the companies chose North Carolina. That's 22% of the U.S. total. What's more, of those who chose from the nine South Atlantic states, almost 50% came here. And these figures are no recent development. Over the past five years, we've been far and away the most popular choice for foreign companies—almost doubling our closest competitor.

NORTH CAROLINA, USA

European Office: State of North Carolina, Wassenaarstr. 2, 4000 Dusseldorf 1, West Germany. Phone (0211) 320533; Telex: 8581846 NCARD. U.S. Office: N.C. Dept. of Commerce, International Division, 430 N. Salisbury St., Raleigh, N.C. 27611. Phone (919) 733-7193; Telex: 579480.

UK embassies for Salvador and Nicaragua

By Robert Graham
BRITAIN is to establish permanent diplomatic representation in El Salvador and Nicaragua, the British Foreign Office announced yesterday.

Dominican Republic's IMF battle intensifies

BY CANUTE JAMES.
THE DOMINICAN Republic's prolonged battle with the International Monetary Fund (IMF) has intensified, leaving the Administration of President Salvador Jorge Blanco with more than a few uncomfortable decisions.

Elegance is never achieved in the same way twice.

Advertisement for The Watergate Hotel and Preferred Hotels. It features a stylized graphic of a building and lists contact information for various hotel locations including London, Frankfurt, Amsterdam, Beverly Hills, and Boston.

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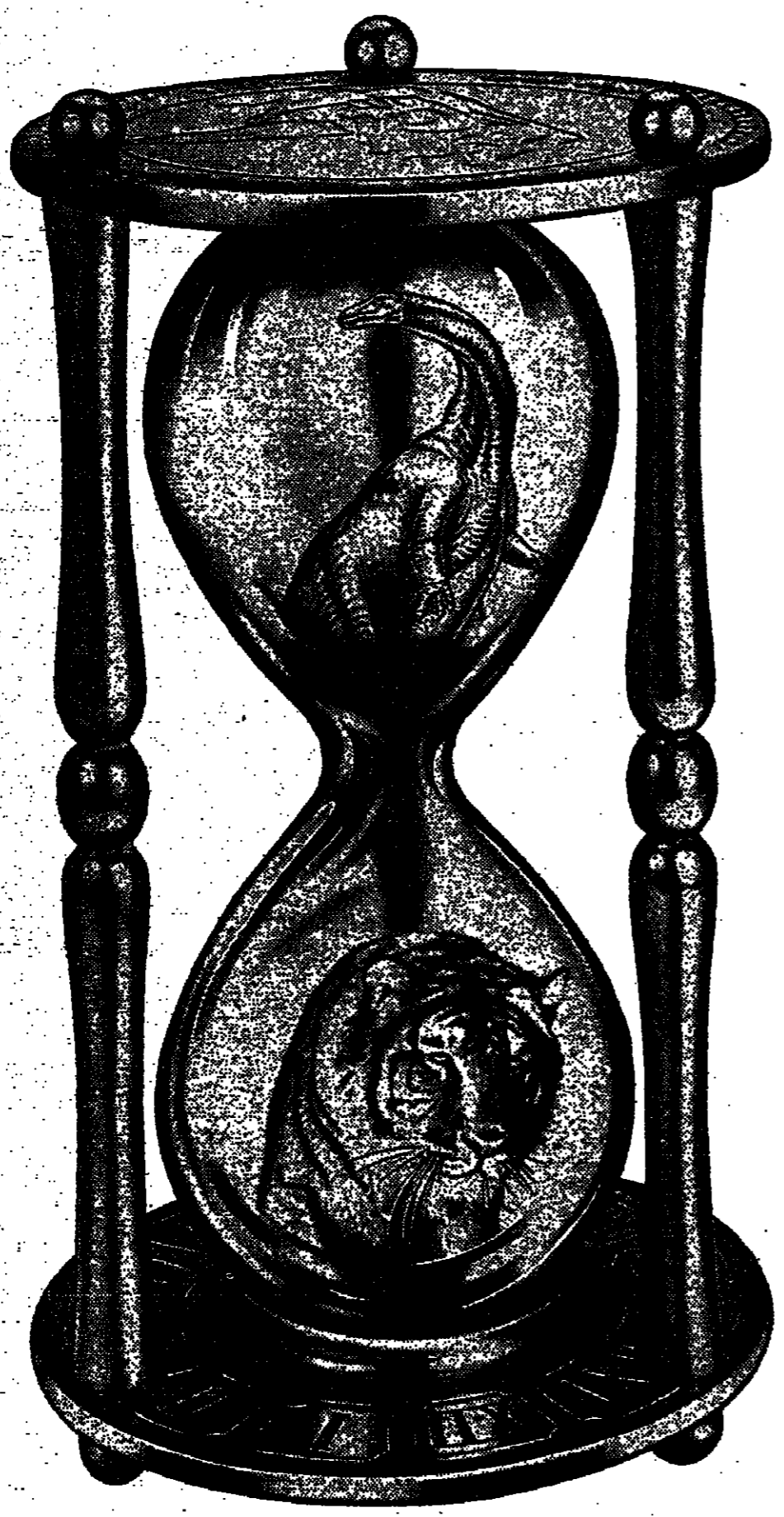


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A CAT'S EYE VIEW OF EVOLUTION



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And suddenly there we were on the threshold of a store of high quality energy that had been locked away for 140 million years.

But as one exploration success led to another, development and production has meant more and more investment.

So far Esso have made a massive North Sea investment commitment of £4,500 million.

We are spending at the rate of £500 million a year with British companies, thereby helping them prosper and grow through new technologies which have worldwide export potential.

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We provide 20% of all the petroleum products Britain uses to keep the economy moving.

And what may have started in the age of the slow lumbering dinosaur all those millions of years ago has been turned into a mammoth boost for Britain by a lively, dynamic, forward-looking tiger.



TECHNOLOGY

EDITED BY ALAN CANE

SOLVING ENVIRONMENTAL PROBLEMS BIOLOGICALLY

Microbes pressed into service

BY CARLA RAPOPORT

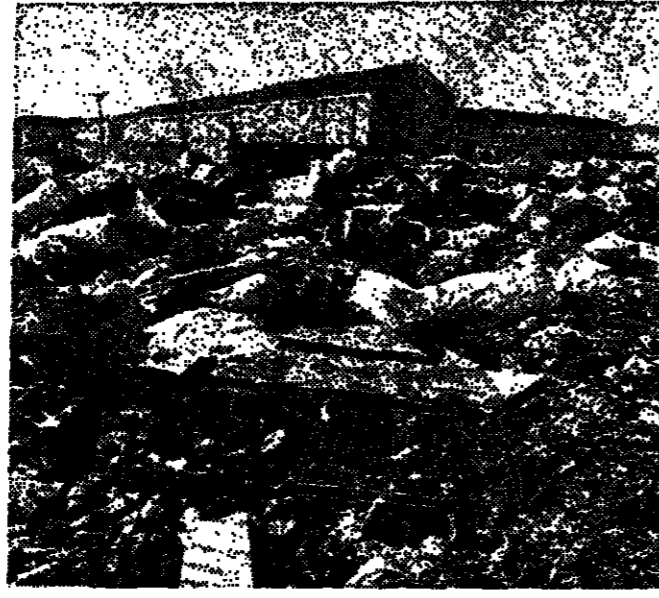
GROWTH stimulants, cold and cancer treatments, human insulins — these have been the areas of excitement prompted by the biotechnology business. Now, however, a young British company is aiming to spread that excitement into a new arena: environmental microbiology.

The new company, Biotechnica Limited, will be raising about £1.8m from City institutions this week through the private placement of 48 per cent of its shares. The new funds, it hopes, will allow the group to boost sales of both its ideas and its microbes to companies and local governments both in the UK and abroad.

Significantly the new group will not be basing its pitch to the City on the current biotechnology buzz-word, genetic engineering. "Our skills are in microbiological sciences, in dealing with groups of microbes. We're interested in the use of these skills to resolve environmental problems," says Dr Stirling Hogarth-Scott, managing director.

The group's activities fall into three areas. The first is aimed at providing safe, cost-effective methods of treating hazardous waste through the use of microorganisms. It is studying ways of degrading waste from chemical companies, brewers, and pulp and paper mills, as well as investigating organisms which it hopes will degrade pesticide residues. Microbes act as biological catalysts when applied to garbage and will operate happily at normal temperatures, breaking down the waste. Traditional methods of waste disposal, like incinerators, involve energy-intensive processes to do their work. Applying a package of bugs to a pile of waste costs between £7 and £14 per tonne, while traditional measures generally cost a great deal more.

The second division is involved in landfill treatment, essentially the management of putting waste products into holes left by mineral excavation. Biotechnica's work in this area is aimed at both filling these sites with the minimum of environmental effect on surrounding areas and on enhancing the recovery of methane from these dumps. Methane, once dismissed as a



Speeding-up the generation of methane from landfill sites will be one of BioTechnica's main businesses.

waste-product itself, is now recognised by industry as a useful energy source.

"At the moment, landfill sites are biological black-boxes, built by engineers, not by microbiologists' interest in improving the rate of decomposition," says Dr Hogarth-Scott. The activities of this division are being directed by Dr John Rees, a former senior officer with the environmental and medical sciences group of Harwell Atomic Energy Research. He is an expert in both gas recovery and the mechanics of microbial activity in landfill sites.

There are about 30 landfill sites in Britain, but the U.S. market also interests Biotechnica. The size of the American hazardous waste disposal market in 1982 was estimated at \$1bn, and projected to grow rapidly thanks to the new Resource Conservation and Recovery Act of 1983.

The group's third area of activity is the enhancement of plant growth. This research is based on the study of mycorrhizas, microbes which enhance the take-up of phosphate by plants. This particular bug is believed to encourage the establishment of young plants in new soils, thus aiding the

transplantation of young seedlings. The microbes should also help to reduce the amount of fertilisers farmers would need to use on their crops.

Biotechnica Ltd is named for its largest single shareholder, Biotechnica International (BTI), a Boston-based genetic engineering company which has raised more than \$11m from U.S. investors since it was launched in 1981. The U.S. company will own 32 per cent of the UK group. Its chairman, Mr John Hunt, will also serve as the British company's chairman.

The idea for setting up a British sister company grew out of a meeting between Mr Hunt and two UK scientists, Prof Howard Slater of the University of Wales Institute of Science and Technology and Dr Richard Le Page, a lecturer in microbiology at Cambridge University. Hunt was looking for a company which would provide access to European markets while Slater's work in waste treatment appeared to be ready for commercial application.

The association has already brought some North American business to the young British company. Biotechnica has received a \$10,000 contract from

Canadian Hunter Exploration to carry out a feasibility study for cleaning oily waste from a heavy oil extraction process. If successful, the study could lead to a much larger contract to carry out the clean-up programme.

Also its landfill/methane gas division has landed a £7,000 contract with Brooklyn Union Gas of New York. This company operates the world's largest landfill gas recovery project, located on Staten Island.

"We've got \$15,000 in the bank already," said Dr Hogarth-Scott. The company's headquarters are in Cardiff, enabling it to take advantage of generous Welsh Development Office grants.

The group's prospectus, issued by the English Association of Venture Capitalists, says that it will move into the black with pre-tax profits of nearly £400,000 on sales of £1.5m in its third year of operation.

But the company admits that these figures are only estimates and that their ideas could well be exploited by competitors. It also has expertise in the microbiology field.

The group has not attempted to file for any patents on either its processes or microbes. "In the chemical industry, yes, patent protection is a good idea. But in the biological sciences, filing for a patent can give away the cooking process to competitors. I think we are better off keeping our ideas to ourselves for the time being," says Dr Hogarth-Scott.

The managing director is Australian and holds degrees in veterinary science, immunology, and advanced management from Queensland and Melbourne Universities and Cambridge.

Before he joined Biotechnica, he was working as a marketing manager in the Biologicals Division of ICI Australia.

Aged 44, Dr Hogarth-Scott admits that his new job is a gamble. "I reckon I've got about 20 working years left. I could have gone on doing the same thing for those 20 years, or I could take out a few years to do this," he says.

"Biotechnology has drained off a lot of middle-ranking people in industry, people who just want to give something different a try. It seems like a reasonable risk to take."

Why Psion has hopes for QL

FEW PEOPLE are waiting for Sinclair Research to start delivering its much heralded QL computer with as much interest as the folk at Psion, a three-year-old, high flying software company.

If the delayed QL turns out to be anything like as successful as Sinclair hopes, then Psion will be set to sustain its already impressive growth rate. Founded just over three years ago, it made a profit of £1.94m last year on a turnover of £10m and its expansion has been self-financed.

By comparison, Logica, one of Britain's most successful software and computer services companies, founded in 1968, which went public last October made a pre-tax profit of £3.85m on sales of £42.1m last year.

Psion's interest in the success of the QL is that it developed the four business oriented programs which are included in the computer's £399 price tag. The programs — word processing, a spreadsheet for financial planning, database management for filing and business graphics — took 18 months to develop. Psion will get a royalty for them on every QL sold.

Mr Nigel Searle, managing director of Sinclair Research said: "We've built up an excellent relationship with Psion over three years. We have a great deal of confidence in their ability and as proof we have sold over 1m of their programs for the Spectrum computer."

For Psion, the crucial question is whether its programs will become a major force in the software market for the

new generation of low cost professional micros using 16-bit processors. It hopes that products like the word processing program—Quill—will become the market leader for 16-bit microprocessors as Wordstar

Professional Personal Computing



"Ear rings! I thought it was the latest anti-doggy disc."

dominates personal computers with 8-bit processors.

To achieve this, Psion claims it has reached—or soon will—agreements with several computer suppliers who will launch low-cost 16-bit micros this year. The manufacturers will offer the Psion programs "bundled"

with the new computers in the same way as Sinclair is doing with the QL.

"The bundled approach gives us both volume and penetration," says Dr David Potter, founder of Psion who used to be an academic specialising in computational physics at Imperial College.

Psion also plans to spend £1m on marketing in the U.S. in its first year of operation. The U.S. will be exceptionally difficult ground for a company like Psion but crucial if it is to achieve its objectives. No decision has been taken on whether to raise money in the City to finance the U.S. expansion.

But a world presence is a prerequisite for survival in this uncertain new industry, Dr Potter believes.

To concentrate on marketing and reaching supply agreements with the hardware manufacturers, up to now the emphasis has been on technical development of products. The company claims to have some of the most advanced development tools of any micro software company in the world.

Only Microsoft in the U.S. could compare says Dr Potter. "The company produces its programs on two powerful microcomputers: from DEC which simulate the micros for which they are being written. Psion says it is faster than writing on the micro and easy to transfer to other machines."

Psion is installing a third microcomputer to handle technical queries for the software on the QL.

The good news is FERRANTI Selling technology

Data storage Magnetic cartridges

THERE ARE several cheap tape alternatives to disc for small computers owners with a limited budget such as Sinclair's Microdrive and the Hobbit. All these systems are aimed mainly at the hobby market. However, PFI Mag systems, based in Falmouth, has produced a magnetic cartridge system, called the phloxy, with speed and storage capacity comparable with the lower end of the disc drive market but half the cost.

This could find a home in a variety of personal computers in small businesses, which use machines designed primarily for home education, such as the BBC microcomputer. In fact this is the first machine to which the phloxy can be attached for a cost of about £125 including the interface.

The phloxy contains a 12 inch loop of standard professional 1 inch audio tape which can store 100,000 bits of information and is able to transfer data at 10 kilobytes a second which is about 200 times faster than an ordinary cassette.

IBM upsets the European apple cart

IBM's decision to cut the price of its range of personal computers in Europe at the beginning of this month caught a number of people by surprise. The price cuts varied from market to market and ranged from 20 per cent to just 7 per cent on the top-priced model the PC/XT.

IBM's range of PCs have been selling very well in Europe although they have not dominated the markets in the way they have in the U.S. Miles Thistlewaite of Inteco, the consultants specialising in small business computer systems comments:

"At the moment there is not very strong pressure on IBM to cut the prices—it was more of a pre-emptive action. They must avoid being seen as a high-priced supplier... a reputation which is hard to undo."

For the first time the price of IBM PCs in the UK — on several configurations in the U.S. — are actually below those in the U.S. The move more or less coincided with the launch of ACT's new version of the Apricot, its transportable 16-bit micro.

The new Apricot 2i has a Winchester disc drive — made by Rodime in Scotland — and storage of five or ten megabytes. These cost £2,695 and £2,995 plus VAT respectively. (The IBM PC/XT costs a little less than £4,200 with a ten megabyte disc drive.)

ACT is finalising negotiations to take over the manufacturing and marketing rights of the Sirius computer from the bankrupt Victor Technologies. It sees itself as one of the top three European competitors in

this sector of the professional computer market.

The European market is being fiercely fought out between IBM, Apple and Commodore from the U.S. with Olivetti from Italy, Triumph Adler from West Germany and now ACT from Britain. That battle is likely to get much hotter as DEC steps up its efforts with the Rainbow, as Apple introduces the Macintosh, and ACT begins to sell significant numbers of the Apricot.

The European market still looks much different to that in the U.S. which, in part, accounts for IBM's less dominant position. Inteco's Mr Thistlewaite comments: "In business, the middle managers who buy computers, like the PC in the U.S., don't have their

own budgets to spend that sort of money in Europe. It just does not happen in Europe because they need authorisation."

The second point is that the home market is more conditioned to buying computers costing below £400. In the U.S., however, professionals and managers spend more on a computer for the home.

A further reason that the European market is more evenly fought is that the PC computers were launched much later. One of the major beneficiaries of that was Victor Technologies' Sirius. Now that ACT has the distribution rights for the Sirius in West Germany and France, it is in a position to be a major force.

JASON CRISP

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طيران تويلا

المكتبة الإلكترونية

Wednesday March 13 1984

The good news
FERRARI
Setting the pace

Data storage
Magnetic
cartridges

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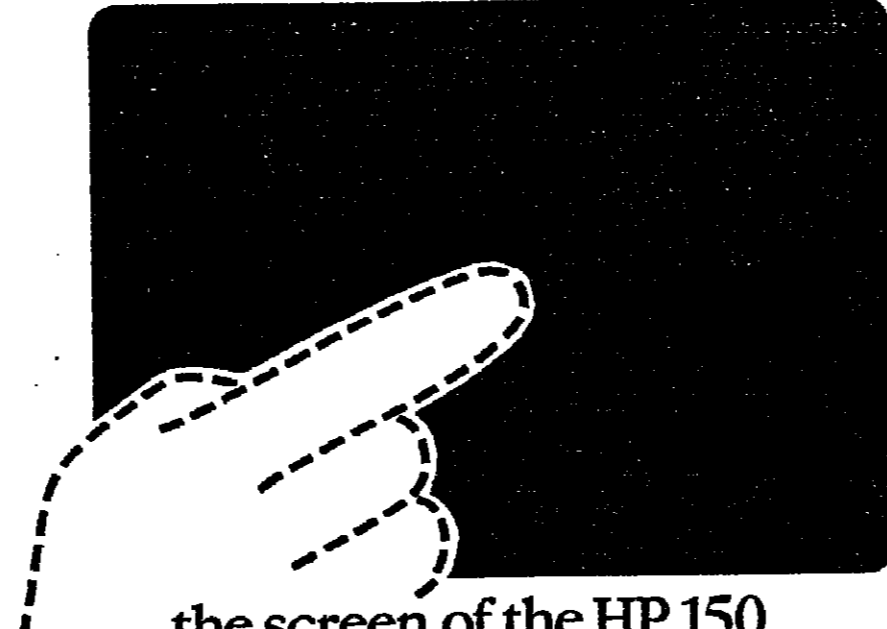
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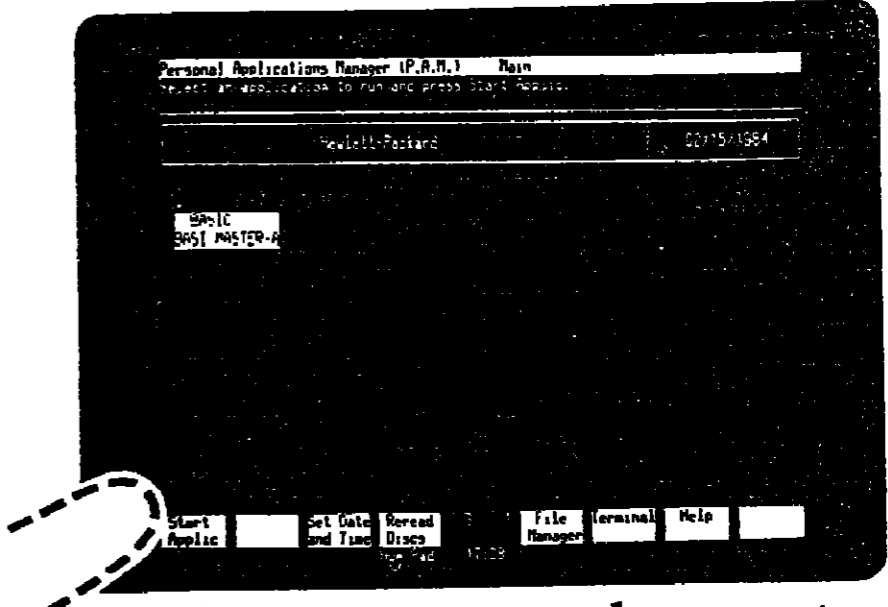
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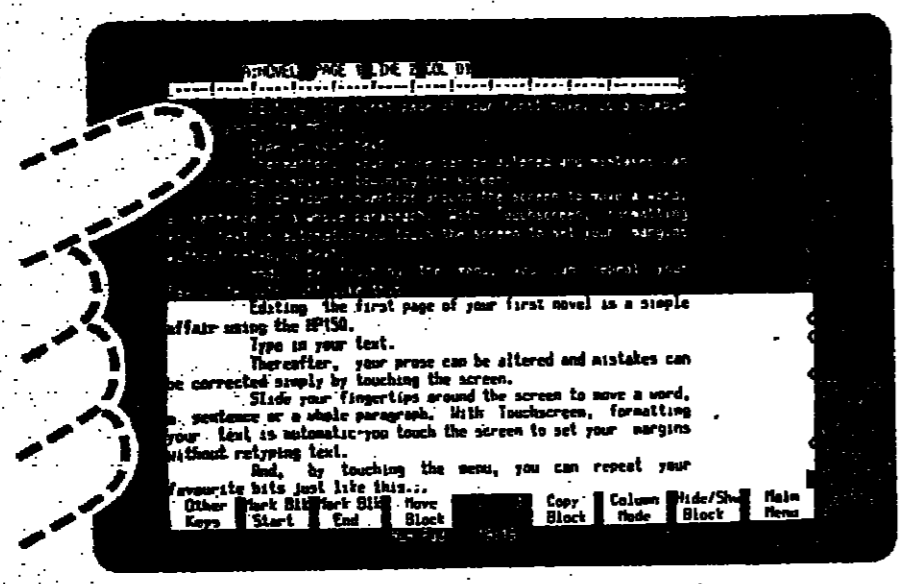
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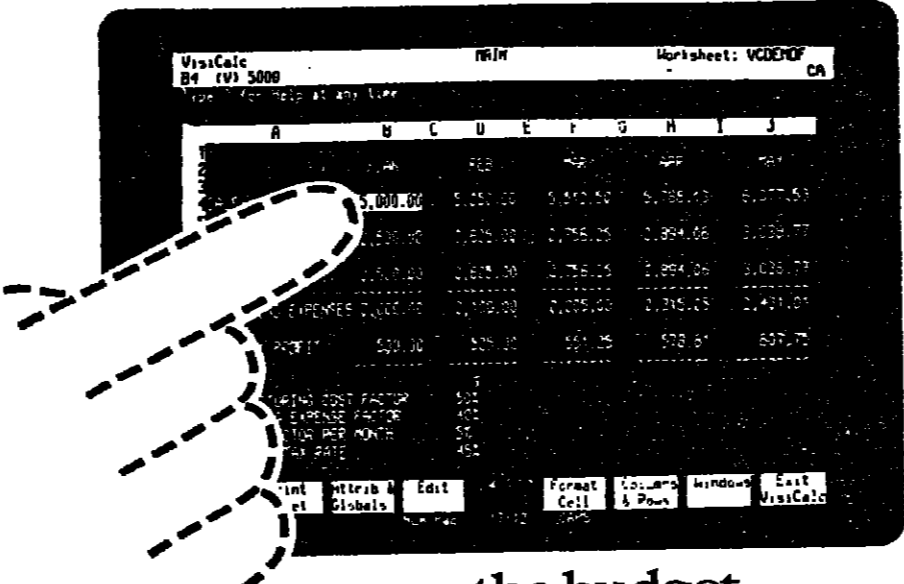
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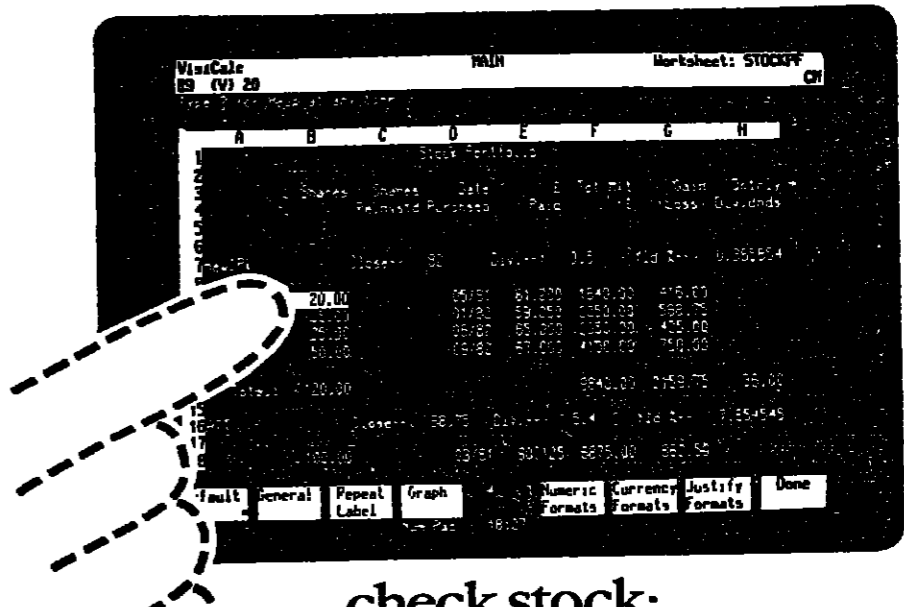
Touchscreen personal computer



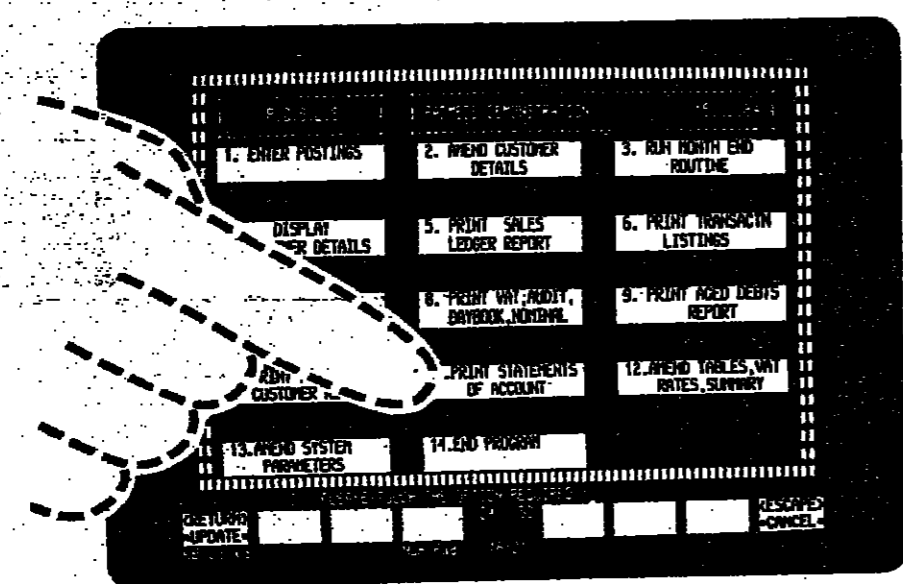
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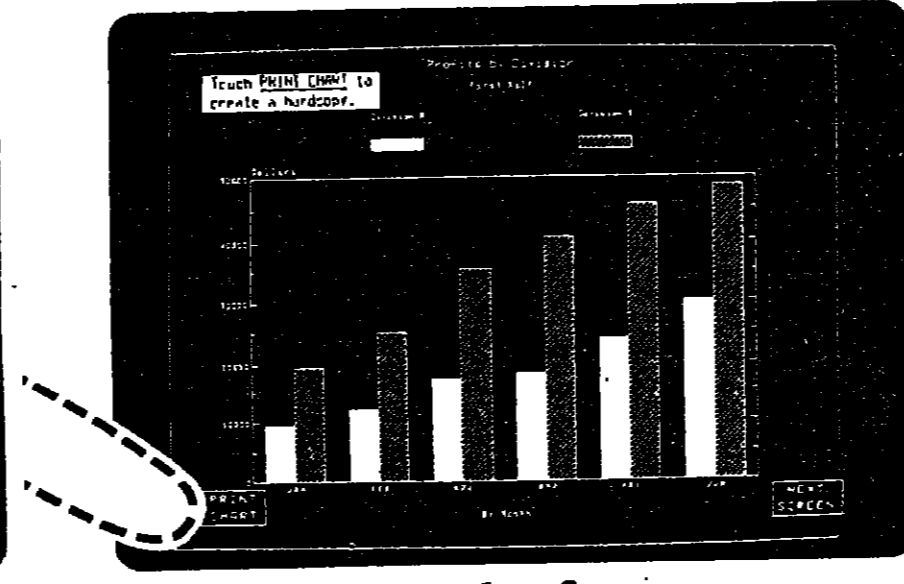
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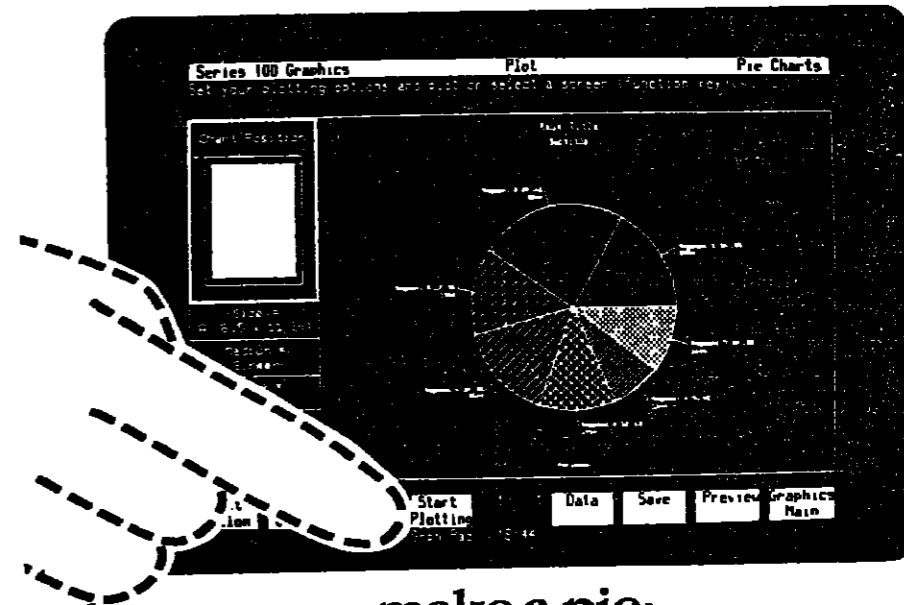
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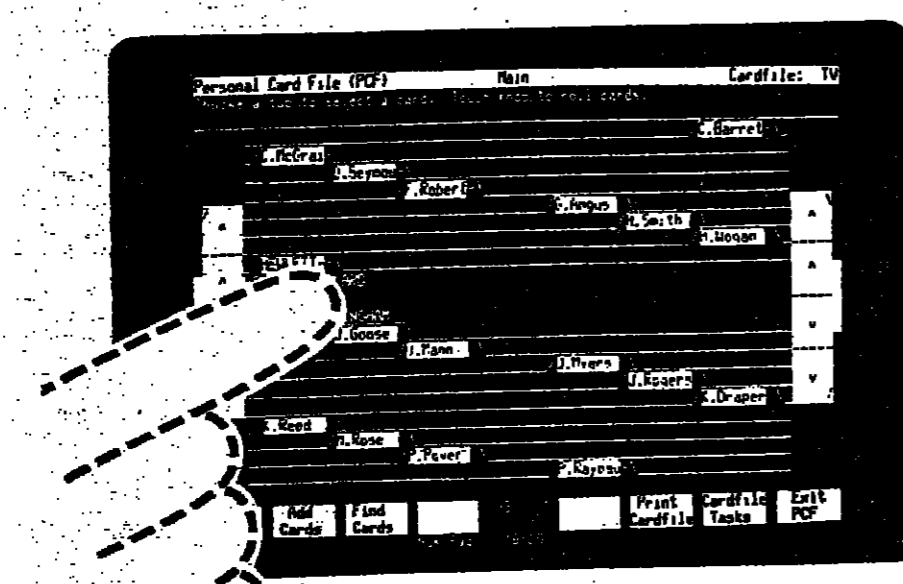
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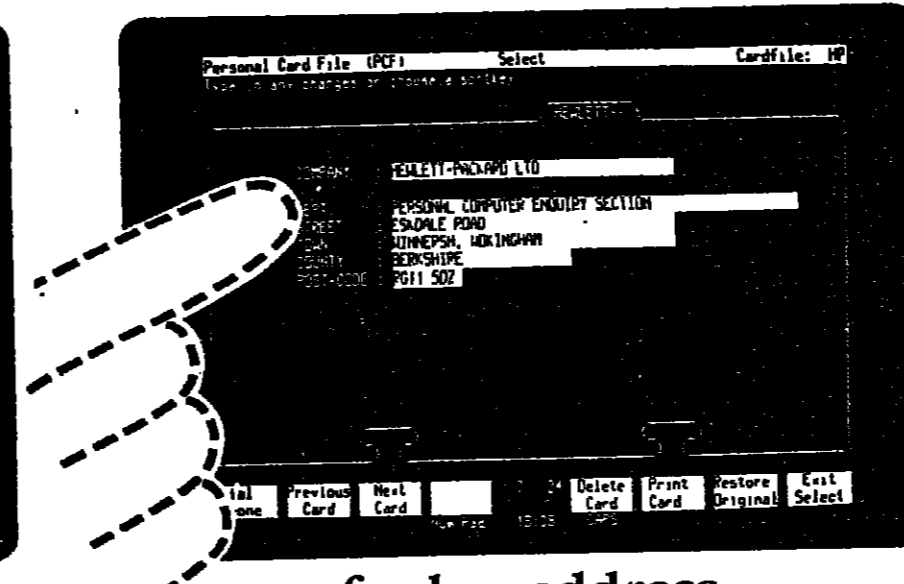
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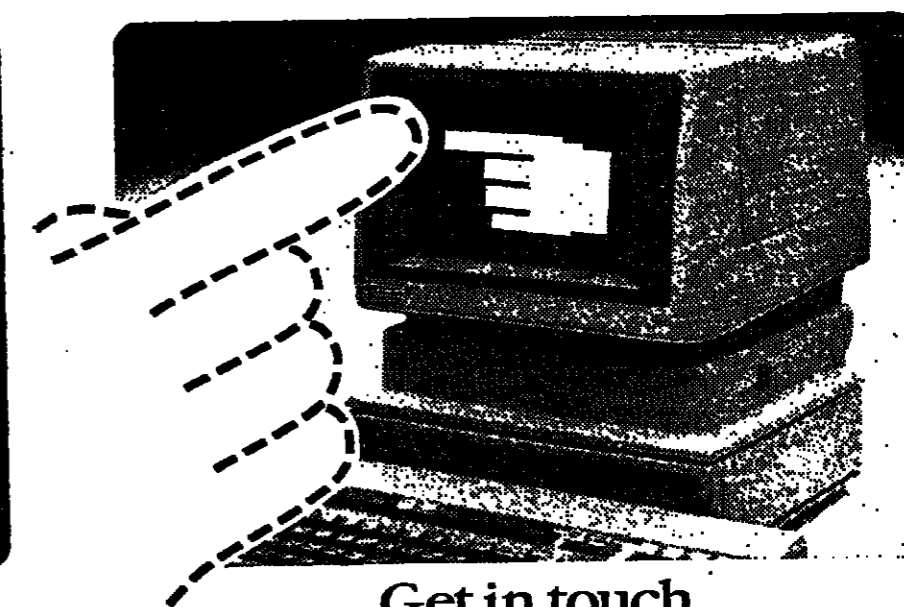
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consult the index;



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HP150 at a Glance. User Memory: 256K-640K bytes. Operating System: MS-DOS[®] 2.11. Microprocessor: 16-bit Intel 8088. 8MHz. Permanent Memory: (ROM) 160K bytes. Diagnostics: Power-on self-testing. Display Screen: Touch-activated, green phosphor, 80 characters x 27 lines, 9 x 14 dot character matrix. Upper and lower case. Simultaneous text and graphics capability. 390v x 512h graphics resolution. 1024 characters and symbols in ROM. Keyboard: 107 keys (total), 8-ft. cord attaches to system unit, 10-key numeric pad, 12 function keys (8 screen labelled). Compact Size: 2.1 sq. ft. desk space. Communications: 2 RS-232 ports. HP-IB (IEEE-488) Built-in. Up to 19,200 bits per second DSN network link. Peripherals: Choice of printers (including optional internal printer), plotters, 3.5" floppy drives (264K bytes formatted), Winchester hard discs (5 and 15 Mbyte).



WORLD TRADE NEWS

Credit for Turkish dam contract secured

By David Barchard in Ankara
TURKEY has secured export credits worth a total of SwFr 663m (£102m) to finance the electro-mechanical contract for the Ataturk High Dam on the Euphrates River, the Swiss Embassy in Ankara said yesterday.

U.S. attacks Japan's software plan

THE U.S. has warned the Japanese Government it can expect political backlash and a legal morass if it goes ahead with proposals, strongly opposed by Washington, to legislate new regulations for computer software and telecommunications services.

Tokyo 'interested' in space station deal

BY JUREK MARTIN IN TOKYO
MR YASUHIRO NAKASONE, the Japanese Prime Minister, yesterday expressed interest in principle in Japan taking part in the planned multi-billion dollar U.S. manned space station.

UK to seek larger share of Airbus work

By Janet Buchan in Bonn
THE UK Government will push hard for a larger share for British equipment manufacturers in the outfitting of the 150-seat A-320 airliner to be built by the European Airbus consortium.



Mr Nakasone would need to be convinced.

China passes first patent law

Peking — China's first patent law was approved yesterday and will take effect on April 1, 1985. The aim of the law is to ease foreign business fears that technology sold to the Chinese will be copied.

Lisbon drops import tax

THE PORTUGUESE Government has cut its import surcharge imposed in 1983 to a rate of 10 per cent from the previous level of 20 per cent.

Japanese lease deal finances Spanish order

By Yoko Shibata in Tokyo
UNION Electrica-Ferros (UEF), a major Spanish electric generating company, has placed a Y104.6bn (£18bn) order for power plant equipment through a consortium of 19 Japanese companies led by Orient Leasing.

Jamaica barter with Yugoslavia

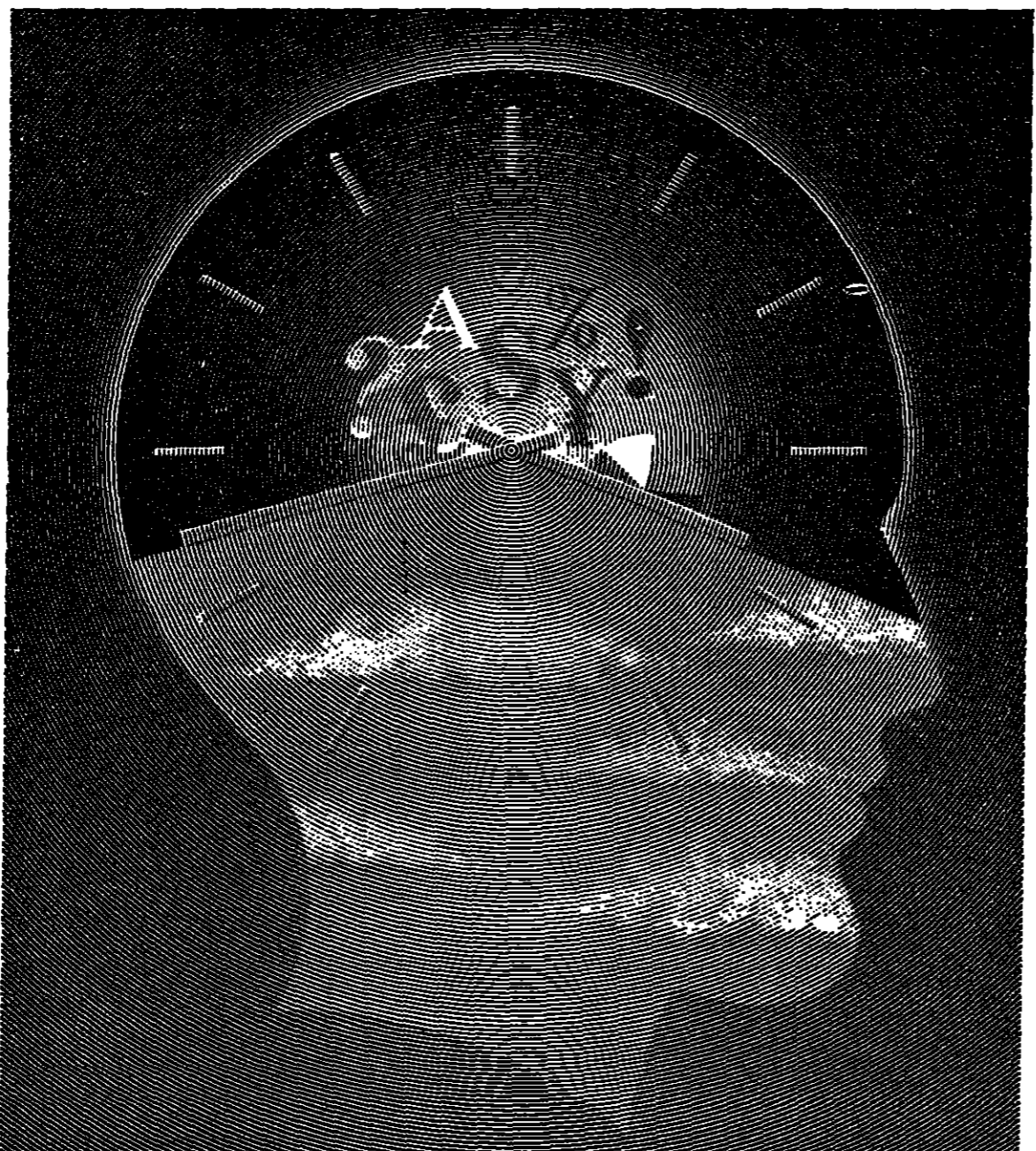
By Canute James in Kingston
THE Jamaican Government and a Yugoslav trading company have agreed to countertrade 450,000 tonnes of alumina produced in the island for housing units and construction material.

Anglo-Swedish trade up 15%

By Kevin Dons, Nordic Correspondent, in Stockholm
ANGLO-SWEDISH trade jumped by nearly 25 per cent last year as the UK moved forward to become Sweden's second most important market after West Germany.

Tebbit calls off next month's visit to Tokyo

BY JUREK MARTIN IN TOKYO
THE PLANNED visit to Japan next month by Mr Norman Tebbit, the Trade and Industry Minister, has been called off by the British Embassy confirmed in Tokyo yesterday.



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Monday March 13 1984

UK to seek larger share of Airbus work
By James Buxton in Bonn

THE UK Government has urged for an increase in the share of equipment for British aircraft manufacturers in the new 150-seat Airbus A320 aircraft to be built by the European consortium.

Mr Norman Lamont, the Minister, said after a meeting in Bonn yesterday that he was "pleased" to be involved in the four countries "full and fair" share of work in designing the fuselage and cockpit of the aircraft.

The French, West German, Spanish and UK governments met again in Bonn yesterday to discuss the Airbus A320 aircraft. A memorandum of understanding (MoU) launching the aircraft, for which the governments have agreed to book, is expected to be signed in June.

This MoU will formalise together the bilateral financial commitments of the four participating governments in a formal agreement.

This will detail the commitments of each government and outline the specific shares in the venture, so that there are no uncertainties as to much cash each government is committing to the project.

Such an agreement will be vital for Airbus International convincing the world that the A320 is a viable proposition, because the scale of the venture is a major European venture giving firm support.

Mr Lamont's remarks reflect the German position, which is politically directed at which predominates fitting out of the existing aircraft, the A310.

Mr Lamont said that he was not necessarily a 50 per cent share of equipment to British design work for the aircraft. However, equipment share of 50 per cent for A320 would not be a factory.

Largely because of central manufacturing in France, most of the work has been produced half the output of the existing aircraft.

As for Government plans for Rolls-Royce develop an A320 engine, Mr Lamont said confident the engine would be developed in time for the aircraft's launch in 1986.

The project, financed by Airbus International, is divided 50 per cent between the four governments: France and Spain 25 per cent each, Germany 25 per cent and the UK 25 per cent.

It is hoped that the A320 will be the way after which the aircraft, although its development is a great profit, is a great success.

London also wanted management to be more than on the A320.

The work shares are roughly 50 per cent for France, 25 per cent for Germany, 25 per cent for the UK and 25 per cent for Spain.

The consortium comprises the British Aerospace, the Spanish Airplane, the German Airbus Industrie and the French Airbus Industrie.

The consortium was formed yesterday in Bonn. The five countries are: France, Germany, Spain, the UK and the Netherlands.

A PIA agreement was discussed yesterday. He said the aircraft was delivered in the next few months.

He said that PIA should spend \$100m to buy a national wide-body aircraft each year for the next five years.

Off next to Tokyo

...ther by the budget... in the Diet... Mr... schedule was said to be... that... later in the year... Thus... stand... with Japan... Geoffrey... have in the last... month... As... no... that... work... to... start... made... Paris... of...

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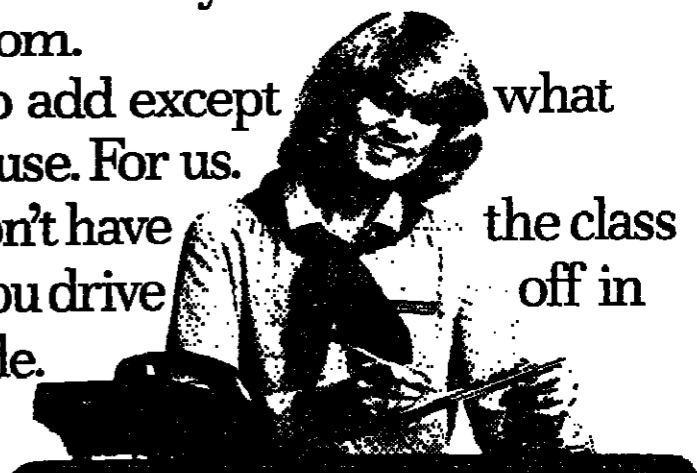
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UK NEWS

Hitachi linked with Daewoo's bid withdrawal

BY LYNTON MCLAIN

DAEWOO, one of South Korea's largest industrial groups, appears to have been influenced by Hitachi, the Japanese industrial conglomerate, to pull out last Friday from its proposed acquisition of the assets and business of the Hymac hydraulic excavator company in South Wales.

Hitachi normally specifies that its licensees operate within specified territories. It is unlikely that Daewoo's licence to manufacture Hitachi excavators permits the South Korean group to manufacture or sell them in the UK.

Retailers' trade up by 1% in month

By Max Wilkinson Economics Correspondent

RETAILERS' trade recovered in February after a sharp fall in January, according to official estimates published yesterday.

Defence chiefs will lose powers in Whitehall reshuffle

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

RADICAL CHANGES in the organisation of defence in Britain were announced yesterday. They involve substantial loss of power for the chiefs of the three armed services.

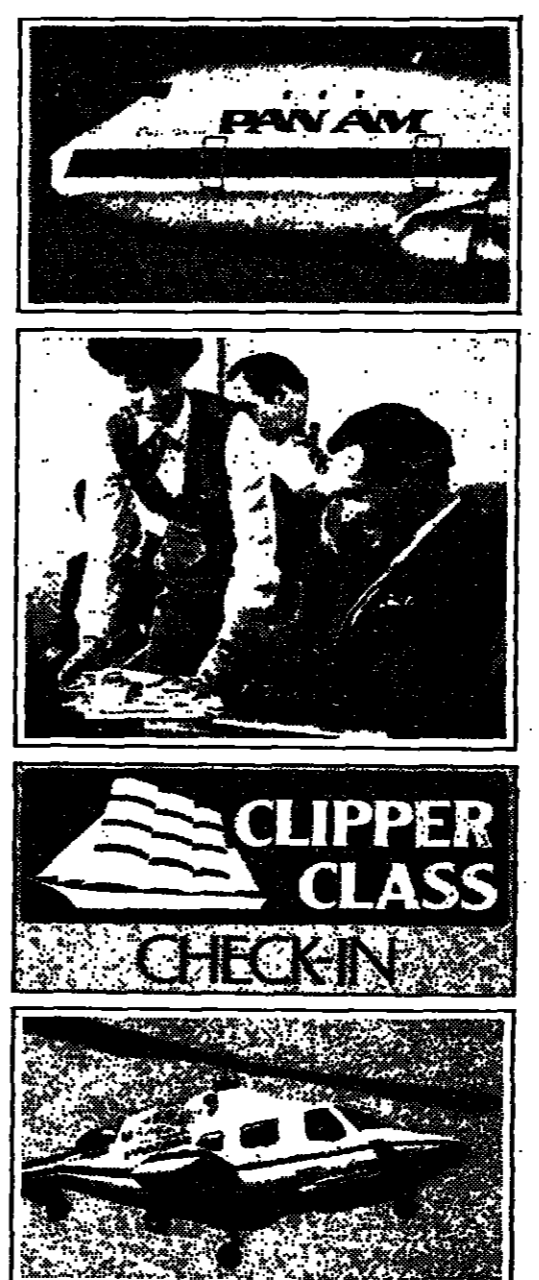
Jason Crisp examines a VCR project for Wales Sharp sets up in Europe

SHARP, one of Japan's leading consumer electronics groups, will become the tenth Japanese company to set up production of video cassette recorders (VCR) within the European Community.

in the UK is likely to fall slightly in the current year. The level of demand for VCRs of just over 2m a year in the UK is comparable with demand for colour TVs in the 1970s.

Most Japanese companies - including Sharp yesterday - deny that they are making VCRs in Europe as a result of the EEC/MTI import restrictions.

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Communist factions set to part company

BY JOHN LLOYD, INDUSTRIAL EDITOR

AN INCREASINGLY divided Communist Party of Great Britain (CPGB) now looks set to splinter later this year into a Eurocommunist group led by the present party executive and a hardline, pro-Soviet faction, organised around the Morning Star, the party's daily newspaper.

Glaxo court victory

BY LISA WOOD

GLAXO, one of Britain's major pharmaceutical companies, reached agreement in the High Court in London yesterday with two pharmaceutical wholesalers over alleged infringement of Glaxo's copyright on its Ventolin anti-asthma inhalers.

Government property chief steps down

By Andrew Taylor

MR MONTAGUE ALFRED yesterday left his job as chief executive of the Government's Property Service Agency (PSA) with nine months of a three-year contract to run.

DIAMOND CAPITAL LIMITED. Registered Office: 80, Broad Street, Manchester (L1B 4BQ). At the request of Mr Yves Dumas, Director General of the Ministry of Justice, Belgium, judicial administrator of the assets of the Communist Party of Great Britain, the Court of the Commercial Court of Paris, in its decision of 1984, has ordered the liquidation of DIAMOND CAPITAL LTD. which will be held in liquidation until the 31st March 1984. The liquidator is Mr Yves Dumas, Director General of the Ministry of Justice, Belgium.

Forward Trust DEPOSIT RATES

Depositors are advised that with effect from March 13th 1984 the following rates will apply to deposit accounts with Forward Trust Limited.

Notice of withdrawal: 7 days 1 month 3 months 6 months 12 months. Deposits of £1-£50,000: 8.25% 8.50% 9.00% 9.00% 9.25%

Handwritten signature or mark at the bottom center of the page.

UK NEWS

Minister urges pension 'fair deal'

BY ERIC SHORT THE GOVERNMENT wants occupational pension schemes to reflect more closely the needs and aspirations of their members...

FINANCIAL TIMES Pensions—time for change CONFERENCE

The Centre for Policy Studies had blundered into the pensions arena. Their proposals would have the opposite effect to that intended.

Gillette chief for Abbey National

By Andrew Taylor ABBEY NATIONAL, the country's second largest building society, has sprung a surprise by going outside the building society movement to appoint its new chief executive.

Mr Peter Birch, 46-year-old managing director of Gillette UK, the razors and toiletries company, was yesterday named as Abbey's new chief general manager.

Anglo American Industrial Corporation Limited

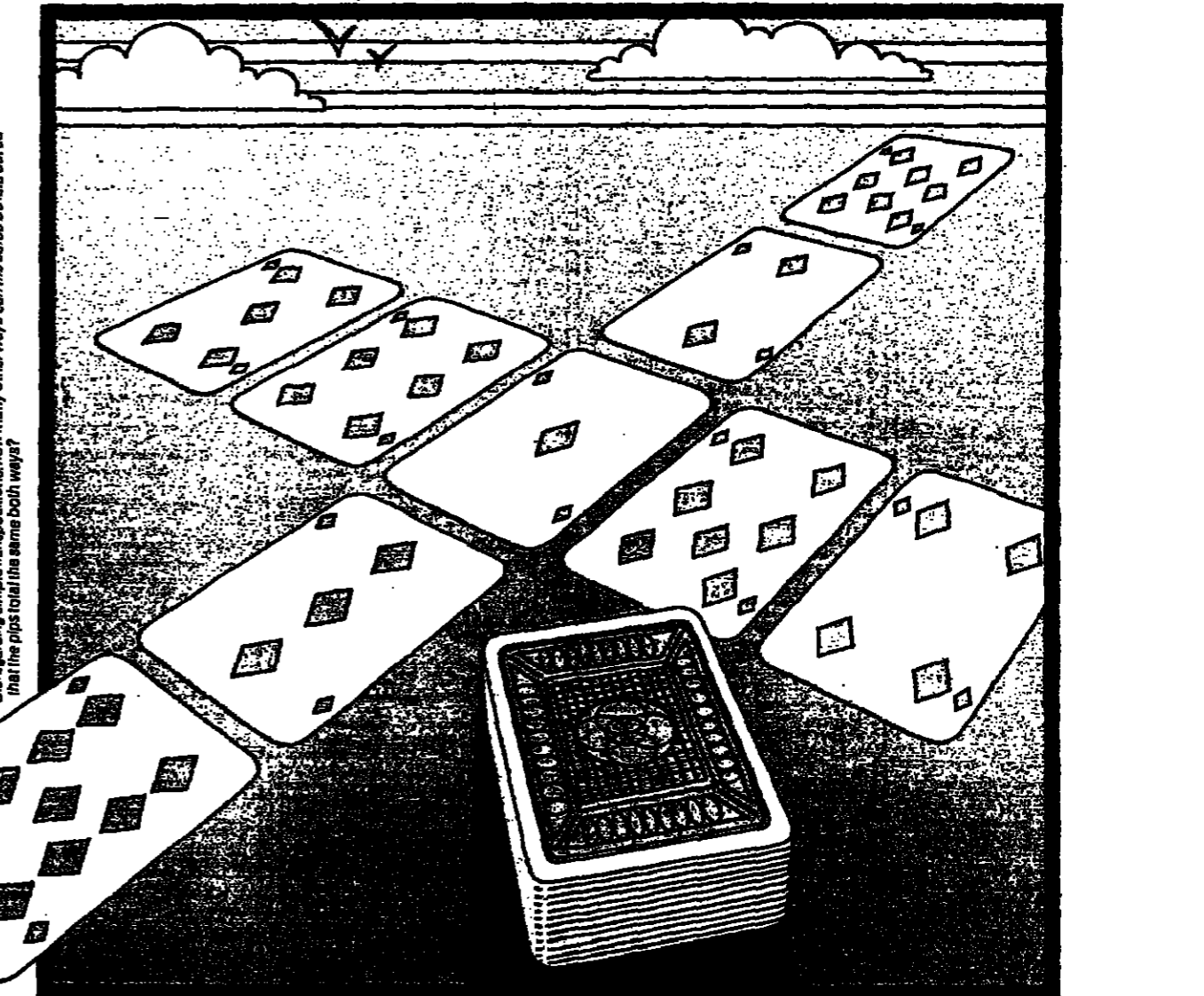
Table with financial data for Anglo American Industrial Corporation Limited, including turnover, trading profit, and dividends for 1983 and 1982.

* Calculated after excluding the 849 164 shares in the corporation then held by its wholly-owned subsidiary, De Beers Industrial Corporation Limited.

Notes: (1) As announced in the press on October 14 1983, this corporation sold its wholly-owned subsidiary, African Products (Proprietary) Limited (Afprod)...

FINAL DIVIDEND No. 40 On March 12 1984 a final dividend of 125 cents per share (1982: 125 cents) in respect of the year ended December 31 1983 was declared payable on May 4 1984...

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CREDITANSTALT Austria's leading international bank. Creditanstalt-Bankverein, London Branch: 29 Gresham Street, London EC2V 7AH.

Granville & Co. Limited

Table showing market data for Granville & Co. Limited, including company names, price changes, and yields.

ENERGY RESOURCES & SERVICES INCORPORATED

Net Asset Value 29th February 1984 \$7.94 per share (unaudited)

STOCKHOLDERS FAR EAST INVESTMENTS INC.

Net Asset Value 29th February 1984 \$2.76 per share (unaudited)

PERSONAL FINANCIAL PLANNING

It is proposed to publish a survey on the above subject on Saturday, 28th April, 1984. For further details and advertising rates, please contact: NIGEL PULLMAN FINANCIAL TIMES LTD.

Vertical text on the left margin: Tuesday March 13, ect for Wales, Europe, Most Japanese companies, ction, t compan, DITOR, t victory.

THE ARTS

Carnival in Venice
William Weaver reports on its cultural side

book jottings, memoranda. Here, you have the impression of Venice being lovingly and accurately examined, stone by stone...

While London is admiring the glories of Venice at its cultural peak at the Royal Academy, Venetians and visitors to their city are aware of the past...

Henry V opens 1984 Stratford season. The 1984 Stratford season opens on March 22 with Adrian Noble's new production of Henry V with Kenneth Branagh in the title role.

Zimmerman/Festival Hall Max Loppert. On Sunday Kristian Zimmerman gave the beautiful account of the Chopin F minor concerto...

Photographic Exhibition/William Packer
Cameron's new art form

She began her own career when she was 49, and for the next 11 years, bullied, hangered and cajoled friends, family, and chance acquaintances to sit for her, putting them into pose and drapery...



A Child's Head, 1866, by Julia Margaret Cameron



Pomona, 1872, by Julia Margaret Cameron

ter," for example) some hint of the camera's shallow and fore-shortened pictorial space: nor shall I argue that Mrs Cameron was in any specific sense a pioneer of many of the things that she did in her work...

John Shirley-Quirk/Wigmore Hall
David Murray

Shirley-Quirk undertook Schubert's Winterreise on Saturday, with a pause in mid-journey but no interval, and with Martin Lepp at the piano. There were certain a priori constraints on the performance...

Jorge Bolet/Barbican Hall
Andrew Clements

Chopin and Liszt were the major components of Mr Bolet's recital in the Barbican Hall on Sunday, but he prefaced them with Beethoven's Moonlight Sonata...

Read Concert/Festival Hall
David Murray

Like the famous Robert Mayer series, the Ernest Read Concerts for Children can boast a long history. This season is typical: eight concerts, not all on the South Bank...

Adelaide Hall/Ritz
Antony Thorncroft

The Ritz has established itself as one of London's most famous institutions: it is something of a shock to discover that another local institution is even older, Adelaide Hall. The two come together on Wednesday nights...

Classics at 1984 Chichester Festival

The Chichester Festival 1984 season is built round classics old and new, each of them jewelled with stars. It opens on May 2 with Alan Bennett's Forty Years On...

Arts Guide

Opera and Ballet LONDON. Royal Opera, Covent Garden: Peter Grimes, one of the most famous Royal Opera productions of recent years, returns with its original and most celebrated title role occupant, Jon Vickers...

Georgsberg
Leslie Colitt

A new East German play, Georgsberg, which warns against the danger of the country's ideological corruption by the mighty West German D-Mark...

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BASE LENDING RATES

Table with columns for bank names and interest rates. Includes A.B.N. Bank, Allied Irish Bank, Amro Bank, Arco Bank, etc.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
Telegrams: Financial Times, London FTS, Tel: 8954871
Telephone: 01-248 8000

Tuesday March 13 1984

Argentina's debt crisis

ARGENTINA'S REFUSAL to use its growing pile of foreign exchange reserves to reduce interest arrears on its foreign debt has disturbed the calm of a developing country debt crisis that until recently seemed well under control.

For the first time since the crisis broke, U.S. banks which are collectively owed about \$6bn (\$8.2bn) by Argentine borrowers now face the prospect of having to classify loans to major Latin American public sector borrowers as "non-performing" in their balance sheets.

This will hurt their first quarter profits—by how much will vary markedly from bank to bank—as they cannot count interest due on the affected loans as part of their gross earnings for the quarter.

U.S. banks have always struggled hard to avoid such a development, fearing loss of confidence among both shareholders and depositors if their commitments to Latin America ever forced them to declare lower profits.

Even now there might be a temptation for them to arrange some last-minute credit lines to Argentina that would allow the arrears to be reduced before March 31. Without any agreement between Argentina and the International Monetary Fund such an approach would be a serious mistake.

Throughout the debt crisis the IMF has provided just about the only effective way for creditors to ensure good behaviour by their borrowers.

Argentina recently cancelled its previous agreement with the fund and the new government of President Raul Alfonsín has not so far established a replacement programme.

At new talks today in New York leading creditor banks are expected to reaffirm the principle of no fresh credit without a signal from the fund. To do otherwise would create a dangerous precedent that other debtors would quickly seek to follow.

The price of missing the March 31 deadline is one which the U.S. banks can reasonably afford. Canadian banks whose fiscal year ends on January 31 have already put Argentine loans on a non-performing basis without any noticeable loss of confidence.

The financial system, as a whole, which was prone to

BRITAIN'S big four clearing banks have never had a reputation for being at the sharp end of the finance business. But all that seems to be changing.

In the space of only a month, three of them—Barclays, NatWest and Midland—have staked their claims in the big City upheaval by arranging links with stockbrokers and jobbers, and it would be most surprising if the fourth, Lloyds, did not act soon, if only to stay in a fast-moving game.

In fact, the clearers have been so aggressive that they have taken a clear lead over their traditionally more feet-footed brethren, the merchant banks. If things work out as they hope, the clearers could end up dominating the City, with fingers in all the big financial pies. They can afford to, of course. The £100m-plus that Barclays deal will cost is a tidy sum even for an institution with £600m in assets and annual profits of over £500m.

The most merchant bank has so far splashed out is the £40m that S. G. Warburg paid for its stake in Akroyd and Smeeth, and that was reckoned to be expensive.

But this does all suppose that the clearers know what they are doing.

All the deals are designed to get banks deeper into the securities business: buying and selling shares and bonds, making markets in them, bringing new issues to market and finding investors to take them up. But each bank has gone about it differently.

Barclays' deal, unveiled yesterday, is by far the most ambitious since it combines de Zoete, de Beza, stockbroker, and Wedd Durlacher, a jobber into a three-way partnership intended, in their words, "to form the core and basis for development of a powerful new international securities company."

NatWest is trying up with Bigwood Bishop, a market maker, because it believes the important thing, at least to begin with, is to be active at the heart of the market. But in the longer run, NatWest is certain to need a stockbroker as well to build up its investment clientele.

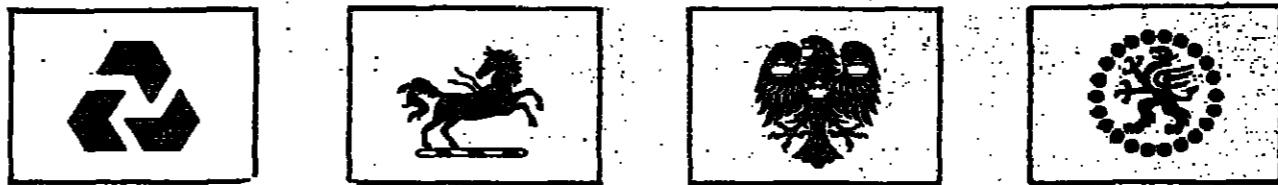
Midland Bank, by contrast, is going for a stockbroker, W. Greenwell, to strengthen the distribution capacity of Samuel Smiles, its merchant banking subsidiary, which is already a big dealer in securities like Eurobonds.

In the past we have argued that Argentina does deserve some concessions because its fledgling democracy is a vulnerable one that needs to be nurtured by the West. That argument still holds true today.

It would serve no purpose for the IMF to demand a draconian austerity that would undermine support for the Radical government and create a power vacuum in Buenos Aires.

Argentina has shown its muscle in dealing with its creditors: it must also now realise that their power is limited. Intransigence by a borrower that demands credit and offers no security in return will hurt its long-term prospects as much as it hurts the banks.

BRITAIN'S FINANCIAL REVOLUTION



Now the big banks steal a march

By David Lascelles, Banking Correspondent



At a press conference yesterday to announce a new link up: (left to right) Mr James Titcomb, senior partner of de Zoete and Bevan; Sir Timothy Bevan, chairman of Barclays; and Mr John Robertson, senior partner of Wedd Durlacher Mordant.

What is revolutionary about this is that banks in the UK at least, have traditionally only brought depositors and borrowers together in lending arrangements intended to be as risk-free as possible. Now, they will concentrate on bringing investors and securities issuers together, too, an altogether different business where risk is all part of the game, and the source of profits.

Mr Andrew Buxton, general manager and executive director of Barclays (UK), also speculated yesterday that the bank's customers would be able to walk

into a branch, get a share price quote on a screen at the touch of a button, and place a buy or sell order. They can already trade securities through their local bank, of course. But it is more of a sideline service, and orders go to an outside stockbroker. Discount broking services may come later.

The notion of a super financial conglomerate able to arrange for its customers everything from the most sophisticated stock exchange deal to a bagful of 10p bits is appealing, of course. But it could also be fraught with complications,

especially if they are based on the possibly illusory idea that simply because particular services bear the label "financial" they belong under the same roof.

Mr Buxton of Barclays said yesterday: "We have put a lot of thought into this, and we know where we are going."

Even so, the deal was noticeably short on detail. How, for example, will the new partnership with its entrepreneurs fit in with the somewhat more established culture of a clearing bank? Barclays has pledged not to meddle too

closely. "It will become a member of the Barclays group, rather than be completely absorbed," said Sir Timothy Bevan, Barclays chairman.

But securities are a high risk business, so how will the losses that are bound to occur from time to time be handled? As investor, broker and market maker, the Barclays group will also be criss-crossed with conflicting interests that will require very solid walls between its various parts.

At NatWest, the tie up with Bigwood Bishop will probably be made through County Bank

the merchant banking subsidiary which describes itself as "an autonomous member" of the giant banking group, an arrangement encouraged by the Bank of England which is keen that potential conflicts be contained by partitioning them off into separate subsidiaries.

The speed and reach of the clearing banks' deals add extra urgency to issues of investor protection raised by the recent Gower report, which suggested that banks be wrapped together under a single self-regulatory umbrella, if possible.

Many people in the industry, though, believe that the vastly different businesses now covered by banks will require at least three: one for clearing banks, another for merchant banking and a third for their stock-exchange business.

Sir Timothy Bevan, who says that Barclays could develop an unhealthy close relationship with UK corporate clients, says that any distinction between holdings of shares and dealings in them, "We do not intend to become like a German bank with big holdings in ICI or Volkswagen."

The idea of banks underwriting securities is actually forbidden by law in many countries, by the Glass-Steagall Act in the U.S. and similar laws in Canada and Japan. All are, however, under attack (see below). The early reform seems unlikely. The repeal of Glass-Steagall would open up big opportunities not just for U.S. banks but for precisely the kind of financial creature the UK clearers are putting together.

There will have to be an educational process, said Sir Timothy before all these developments can be properly understood.

What these deals have done, though, is put the UK securities industry in a far stronger position to compete with enormously strong firms from the U.S. and Japan.

All money Barclays pays for de Zoete's and Wedd's will go to beef up their capital. The other firms linking up with clearers will also have the backing of some of the largest banks in the world.

"I have no doubt that I am doing my patriotic duty," said one banker of the deal he is putting together.

Yesterday's feature on this page gave a wrong starting equivalent for the £38.40m. The correct figure is £14.80m.

The art of the impossible

EVEN on the rumours of his tax-reforming proposals, the Chancellor is under back-bench and City pressure to trim or withdraw. It was left to the Opposition to try to exploit the tax on the dealing profits of the building societies; this was not an invasion of the Tory heartland. However, reports that the Chancellor might lay his hands on tax allowances for contractual saving seem to have aroused greater alarm. This is already being portrayed as an attack on savings, a harsh measure which voters will not understand; the insurance companies themselves are reported to be muttering threats about future privatisation issues. As for the more distant rumours of a watering-down of mortgage tax relief—words almost fail. This is the politically impossible.

In other words, Mr Lawson faces the same starchy coalition of fear and apathy which faces every Chancellor who dares even think about tax reform. There is nothing at all surprising about this; this is the permanent coalition which has reduced the British tax system—and that of most other democratic countries—to an illogical, distorting mess. In the cause of the politically possible, for example, Schedule A, the original tax against which mortgage interest was originally (and rightly) allowed, was left to wither away.

Anomalies tackled
It was to keep voters sweet that some past Labour chancellors introduced apparently punitive taxation with quite deliberate ophophiles to protect the wealth creators. In this way the national system of high tax rates and high allowances has been built up, until cycles can argue that since almost every identifiable group is protected—the children, the old, the house owners, the industrialists, the farmers, the financial intermediaries—the result is some kind of rough justice.

Yet from time to time anomalies are tackled and the political cost has invariably been far less than those who had argued.

For years, for example, chancellors claimed to be cutting income tax when in fact, after allowing for inflation, they were raising it. The Rooker-Wise amendment put a stop to that and there is no sign that voters object to being told the truth.

For years, usually in the cause of wage restraint—specific duties were allowed to fall behind inflation, so that in real terms we were paying more income tax to make harmful indulgences cheaper. Duties were increased, again at little political cost. Even the more controversial shift from direct to indirect taxation, which actually was regressive, proved something of a political nincompoop, again at little political cost.

Even the more controversial shift from direct to indirect taxation, which actually was regressive, proved something of a political nincompoop, again at little political cost.

Radical
We hope then, that we will discover tomorrow that the leaks are well founded, and that we have a reforming Chancellor, backed by a Prime Minister who holds to the basic Conservative faith in fiscal neutrality, low taxes with low allowances (did Surrey rebel when company cars were realistically taxed?) and the understated play of market incentives. Tax should not be seen as political football, hardness, but on the contrary as a basic theme for a radical Tory government in its second term—radical enough to tackle what is "politically impossible."

AMERICA: HOW THE MARKET WALLS CAME TUMBLING DOWN

FIFTY-ONE years ago, amid the financial storms of the great depression, Congress built what, until recently, appeared to be an almost impenetrable dividing wall between the securities and banking industries. This wall was called the Glass-Steagall Act.

Half a century later a substantial section of the "wall" lies in ruins—assaulted from both sides by the major financial services companies in the competitive rush to broaden the range of products they offer and provide the consumer with the opportunity for "one-stop" financial products "shopping."

The assault has been led by established securities firms like Merrill Lynch, and insurance companies like Prudential Insurance, "non-banks" like Sears Roebuck and by the banks themselves. As a result the distinctions between the U.S. banking and securities

industries have become increasingly blurred.

A major element in this process has been the move by many of the major U.S. money centre banks—and an estimated 1,000 smaller banks—into the discount brokerage business.

Discount brokerage houses buy and sell shares on behalf of clients in the same way as the major Wall Street broker firms but provide a "no frills" service.

This rush into the brokerage business has been spawned primarily by competitive pressures and, in particular, the need to retain their rich or "high net worth" customers in the face of mounting competition from Merrill Lynch and others.

Two major West Coast U.S. banking groups, BankAmerica and Security Pacific, have spearheaded the push into this discount brokerage busi-

ness.

The touchstone for the current debate on whether brokerage services are a proper business for the banks remains BankAmerica's acquisition last year of Charles Schwab.

That acquisition led to a major—and for the banks favourable—change in interpretation by the Federal Reserve Board of the Glass-Steagall Act—and to a string of law cases brought by the banks' rivals in the securities industry. These are now before the Supreme Court.

The crucial loophole exploited by the banks in their acquisition of discount brokers is the wording of the Glass-Steagall Act which has banks from underwriting and distributing corporate securities but which, subject to interpretation, allows them to buy and sell securities for their customers. Discount brokers do not underwrite

securities.

The BankAmerica acquisition may be the boldest challenge to the act, but a number of other major banks have found other ways to expand their brokerage activities.

Security Pacific Bank, the tenth largest bank in the U.S., first formed an alliance with an existing discount broker, but has subsequently expanded its brokerage business. Since 1978 the Los Angeles-based bank has opened 16 retail stockbroker offices in 10 states, bought three wholesale bond houses, acquired a 29.9 per cent stake in Hoare Lovett, one of the UK's largest brokers, and formed a wholesale discount brokerage firm of its own, Security Pacific Brokers.

At the same time, Fidelity Brokerage Services, the Boston-based group which has perhaps been the most aggressive marketing its

Last year Security Pacific brokers, through its subsidiary, Financial Clearing and Services Corp, bought seats on the New York Stock Exchange and the Philadelphia Exchange.

Security Pacific and other White Bank America, Security Pacific and other major U.S. banks like Chase Manhattan and Marine Midland have chosen used acquisitions to enter the securities industry, others like Citicorp have opted instead to offer brokerage services through links with existing brokers. Citicorp, for example, provides its customers with discount brokerage services through Quick and Reilly.

About 10 per cent of Quick and Reilly's business now comes from banks, while Fidelity Brokerage Services, the Boston-based group which has perhaps been the most aggressive marketing its

services to banking groups, the U.S. and Japan. In many countries, by the Glass-Steagall Act in the U.S. and similar laws in Canada and Japan. All are, however, under attack (see below). The early reform seems unlikely. The repeal of Glass-Steagall would open up big opportunities not just for U.S. banks but for precisely the kind of financial creature the UK clearers are putting together.

These massive structural changes in the industry do, however, face a serious challenge. Aside from the Supreme Court hearing on the Schwab acquisition a number of regulators, including the Fed, have raised serious concerns about the rapid pace of "overall" banking product development—and the difficulty of interpreting the Glass-Steagall act.

Paul Taylor in New York

Bevan finds old family ties

Since Silvanus Bevan joined James Barclay's bank in Lombard Street in 1787—became a partner—various branches of the Bevan family have laboured continuously in the City of London, mostly in banking and stockbroking.

Barclays Bank's intention to take a stake in de Zoete and Bevan, one of the London stock-brokers, has meant that old Bevan family links will be forged anew.

Sir Timothy Bevan, aged 56, executive chairman of Barclays and a descendant of Silvanus, is also related to the Bevans who joined with the de Zoetes in 1970 to form the joint stock-broking firm.

Sir Timothy was a cousin ("second or third, we can't remember which," says another member of the tribe), of the late Col Johnny Bevan who was senior partner in de Zoete and Bevan until he died in the 1970s.

Johnny Bevan was once head of Churchill's War Room. He is credited with thinking up the deception played on the Germans which resulted in the making of the film "The Man Who Never Was."

Family connections at de Zoete and Bevan run deep. Two of Johnny Bevan's great-nephews now working for the firm as partners are Simon de Zoete, aged 42, and Nicholas de Zoete, aged 37.

Sir Timothy's immediate family has moved between banking and stockbroking with almost predictable regularity. His great-grandfather, Frank Augustus Bevan, became first chairman of what is now Barclays Bank when 30 regional banking families merged to form Barclays in 1896.

Bevan, himself, is one of the banking purple—a member of one of the seven Barclays "interlocking" families which have held so many of the bank's top jobs down the years. Bevan was called down the Bar after Eton and the Guards. Then he joined Barclays and moved up

Men and Matters

quickly through the ranks.

But he has pointed out that the markets side of City life runs strong in his blood. His grandfather, father, brother, and one of his two sons, all chose stockbroking careers.

New Abbey habit
"Marketing money isn't very different from marketing razor blades—you have to be razor sharp," says Peter Birch, aged 46, the surprise choice for chief general manager of the Abbey National Building Society. What makes Birch's statement apt is that he is at present managing director of Gillette UK.

His appointment has surprised the City and has disappointed hopes among more than a few people in the building society world. He was headhunted by Abbey from outside the movement, and eventually he was preferred over nine applicants from within the Abbey.

The planned appointment was discussed over lunch with Sir Campbell Adamson, Abbey's chairman, and after that "All went rather like an express train out of control and I'm joining Abbey after Easter."

He doesn't see his new role as too much of a change. Building societies are extending their role and moving into highly competitive financial services areas, and he knows a lot about competition after selling razor blades, razors, and ball-point pens.

Birch is a change from the traditional image of a building society chief. He has an international background—after National Service as a second lieutenant he joined Nestlé. And after management training in Switzerland he worked in Singapore and Malaysia. He has worked for Gillette in Australia and the Far East.

He will certainly be the only building society chief, he says,

between industry and Whitehall, will no doubt ensure that the institute keeps the high profile it has achieved under the outspoken Goldsmith.

Appropriately, he chose the institute's annual dinner last September to deliver a key speech which suggested that MPs and ministers were in need of a shake-up as well as civil servants.

On that occasion he used a metaphor which seems worth recalling. "The possibility of change," he said, "lies in the hands of a small club."

He was, of course, referring to Britain's political establishment. But perhaps there was a more literal interpretation which was lost on his listeners at the time.

Flight plan
Angela Ratcliffe, who was on duty at the British Airports Authority information desk at Gatwick, was approached by a worried driver clutching a piece of paper.

Was there a flight from Berlin by Cafe Specific? Tactfully she suggested he meet the flight from Bahrain by Cathay Pacific.

Thought for Budget Day
"... the rapacity and greed of the Government go beyond all limits. It is now actually proposing to place a tax on incomes."

"Those with £100 to £106 a year are to pay a 1/40th part, and above £200, 1/10th."

"This is a vile Jacobin jumped-up jack-in-the-box office impertinence. Is a true Briton to have no privacy? Are the fruits of his labour and toll to be picked over, fardling by fardling, by pimply mindless bureaucrats?"

(From the diary of John Kayveton, a naval surgeon at the time Nelson won the Battle of the Nile. The entry is dated January 12 1792.)
Observer



Cutty Sark Scotch Whisky

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July 1984

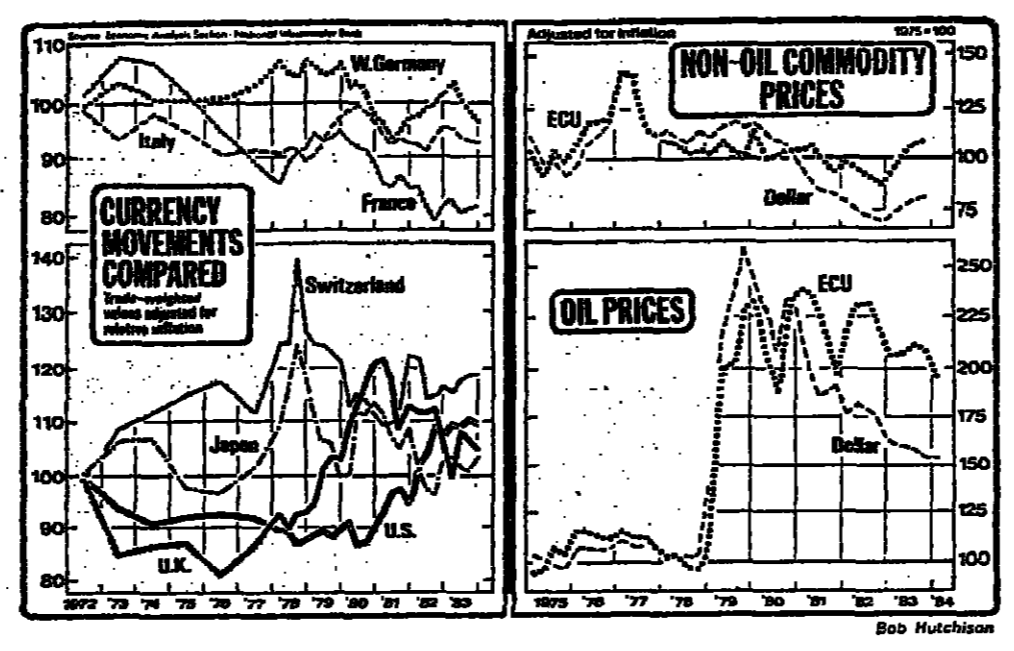
EUROPEAN MONETARY SYSTEM

An unsung story of success

By Anatole Kaletsky

TODAY IS the fifth anniversary of the Community's most notable success story of the past decade - the European Monetary System, founded on March 13 1979.

An occasion which might have inspired some serious new thinking about the sort of macro-economic co-operation needed to improve the prospects for stable growth in each of the Community's member nations - and simultaneously to strengthen Europe's position in the world trading system - will in fact pass almost unheeded.



ally-reinforcing process which makes the system's survival—and ultimate extension—more probable with each year that goes by.

As Dr David Lomax, chief economist of the National Westminster Bank says about the system's inability to live up to the excessive hopes of some of its founding fathers: "It's like a marriage—if you've been married for 50 years, what you have done is to ensure that you have been different from your marriage vows, but by definition you are united."

slow, while their trade balances have improved sharply. Albeit in a negative way, this shift was the most notable achievement to date of the EMS framework. Both Italian and French governments stated explicitly that the need to stay within the EMS was a major consideration in their new policies.

Lombard Gower in the real world

By Richard Lambert

I'VE just had this terrible thought. It's about the Gower review of investor protection, which seems set to form the basis for widespread regulatory reform in the City of London.

The Budget and taxation

From Dr A. Berry: Sir,—The Chancellor is widely expected to propose changes which will reduce the tax advantages of investment and increase the tax advantages of employing labour.

Letters to the Editor

sequence of events was begun. I am sure that the intention then it would seem that Denning was met, and Furniss v Dawson was not applicable. Think about it! D. J. Booth.

Letters to the Editor

normal manner, ie to corporation tax under PAYE income tax and NIC on wages, VAT, etc. Alternatively, if the ILM investment is made in a wholly-owned foreign, ie non-resident company (called by the draft legislation a CFC) then the UK taxation will be payable on those profits under current law unless the CFC remits a dividend to the UK corporate investor.

Abolishing layers of government

From the Chairman, Finance and General Purposes Committee, Greater London Council: Sir,—In your leading article (March 8) on the Government's proposals to abolish Greater London Council and the metropolitan counties, you join the anarchist critics and perfectionist academics who appear to want "the best" (some confused creation of their own minds) to destroy the good.

Guaranteed prices for agriculture

From Mr P. Oppenheim, MP: Sir,—Mr J. P. W. Hall, March 3, accuses me of muddled thinking for supporting a system of guaranteed prices for agriculture. In support of a system of world prices, he says that self-sufficiency is unnecessary in an era of efficient transport and that it would benefit developing countries to be able to supply Europe with food.

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March 13 1984, Sark Whisky, and other vertical text on the left margin.

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FINANCIAL TIMES

Tuesday March 13 1984

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Godfrey Davis

ROCARD AND FABUIS PRESS FOR INCREASE IN INVESTMENT

Call to relax French deficit limit

BY DAVID HOUSEGO IN PARIS

SENIOR MEMBERS OF THE French Government are privately arguing for a widening of the budget deficit next year to allow room for increased public investment.

M. Michel Rocard, the Agriculture Minister and leader of the social democrat faction within the Socialist party, is said by close followers to believe that cuts in public expenditure have gone far enough and that the Government should let the deficit next year go beyond the limit of 3 per cent of gross national product set by President Francois Mitterrand two years ago.

M. Laurent Fabius, the Industry Minister and a close confidant of M. Mitterrand, is also said to be arguing for a relaxation of the deficit ceiling.

In contrast, M. Jacques Delors, the Finance Minister, believes that any widening of the deficit would be interpreted by foreign exchange

markets as a shift in economic policy. That might lead to a weakening of the franc.

The renewed pressures for some relaxation come when the Government is in the early stages of preparing the 1985 budget, which will determine the momentum of economic activity in the run-up to the 1986 legislative elections. The elections are to be held in February or March of 1986.

They also coincide with fresh setbacks to the Left's popularity as measured by by-election results over the weekend; by the latest opinion polls, which show that the number of those satisfied with President Mitterrand has dropped to 32 per cent and by the strike last week by public employees, including many supporters of the Government.

The argument for widening the budget deficit comes from those in

the Cabinet who fear that public investment might be further squeezed next year on the basis of current policies. That is because virtually automatic increases in debt service charges and social security payments will absorb an increasing proportion of expenditure that will remain stagnant in real terms.

At the same time, President Mitterrand's promise last September to cut tax and social security payments next year by 1 per cent of GNP - equivalent to Ffr 40bn (\$5bn) - implies further cuts in expenditure unless the ceiling on the deficit is relaxed.

M. Rocard and his followers, who were among the early advocates of "rigour" in 1982, see no adverse consequences from enlarging the deficit beyond the 3 per cent limit, providing that the additional funds are used for investment.

The original ceiling was imposed by President Mitterrand to halt the rapid growth of current expenditure which was worsening the trade deficit by encouraging imports. The budget deficit amounted to Ffr 118bn last year and is expected to rise to Ffr 125bn this year on official forecasts.

Before making his final 1985 budget recommendations, M. Delors wants to wait another month or two to see what additional boost the French economy gets from the pickup in activity worldwide and from the fall in the dollar.

Any relaxation of the deficit would be welcomed within the Socialist party. Speaking for the extreme Left at a meeting of the party's ruling committee at the weekend, M. Andre Laignel, a member of the national secretariat, said policies from the autumn should be shifted towards an expansion of productive investment.

State gives Fokker Fl 800m loan boost

BY WALTER ELLIS IN AMSTERDAM

EFFORTS BY Fokker, the Dutch aerospace group, to assure its future as a mass producer of civil aircraft were given important impetus yesterday when the Cabinet in the Hague promised long-term loans totalling Fl 800m (\$275.8m).

The money will be used to develop the Fokker 50 and the Fokker 100, intended successors to the highly successful F27 and F28.

It is not yet certain how Fokker will raise the remaining Fl 800m required to complete the initial development phase for the new designs, but Japanese industry may assist.

Mr Frans Swartouw, chairman of Fokker, led a company delegation to Japan last month with a

view to obtaining the financial participation of such high-technology giants as Mitsubishi. Results of that visit should be known in the autumn.

Fokker's 1983 results will not be published until next month, but it is believed that the group will record Fl 10m net profit, against a Fl 10.5m loss for 1982.

The company could, therefore, expect to raise cash with reasonable ease on the capital markets or through bank loans. It might prefer the Japanese option as a means of securing money cheaply and, more importantly, of engaging the national interest of the world's second-largest economy.

Yesterday's announcement of government support was not unexpected, having been envisaged at

the launch of the Fokker 50 and Fokker 100 last November. Both the amount and the willingness of the Government to come forward in good time will, however, have put fresh heart into the latest dual project.

The exact extent and conditions of the loan will not be known until a letter is sent to parliament. Mr Cjjs van Aardenne, the economics minister, said on the radio yesterday that around Fl 800m was involved "over a number of years."

Mr Van Aardenne added that the money would come from the "rotating budget" of the Dutch Institute for Aerospace and Space Development (NIVR), which would in the future be paid royalties by Fokker

on the sale of all Fokker 50s and 100s.

Swissair, the Swiss national airline, has expressed considerable interest in the Fokker 100, while airlines in Australia and New Zealand are said to be impressed by the design of both new aircraft. Japanese interest has also been expressed.

The Fokker 50, to be powered by two Pratt and Whitney J24 turboprop engines using six-blade propellers, will replace the F27 short-haul airliner.

The larger Fokker 100 is seen as a medium-range, medium-capacity jet successor to the F28, and will be fitted with two Rolls-Royce Tay engines. The UK engineering group has received an order from Fokker for 100 Tay units.



Sir James Goldsmith

Goldsmith group nets \$50m on share deal

By Terry Dodsworth in New York

SIR James Goldsmith, the UK financier and industrialist, has cleared about \$50m profit for himself and a group of investors with the sale of an 8.6 per cent stake in St Regis, the U.S. paper and forest products group.

The 3.06m shares owned by the investment group, which included interests connected with Charterhouse J. Rothschild of the UK, have been bought back by St Regis at \$62 a share - a premium of about 39 per cent on the Friday's market price of \$44.94.

In an earlier filing with the Securities and Exchange Commission, which regulates the U.S. securities industry, Sir James and his associates said they acquired their stake at between \$33.50 and \$38 a share. Over the past three years, St Regis shares have never traded higher than \$42.42, and during the 1982 recession they fell to \$17.42.

Since the investment group began acquiring its stake, St Regis's shares have risen steadily on bid hopes, with speculation that Sir James might be interested in repeating his successful acquisition of Diamond International, a New York-based packaging and lumber group, last year.

In talks with St Regis late last month, however, Sir James is believed to have reached a preliminary agreement on limiting future share acquisitions.

Yesterday's announcement said that the investment group had agreed not to "further purchase or own any securities of St Regis."

THE LEX COLUMN

The clearers take stock

The City of London register office was not quite prepared for the sudden arrival of Barclays and Midland, the UK banks, yesterday and all parties concerned looked a little flustered at having to arrange the ceremony before notices had been formally placed in the papers.

Details of the honeymoon were a little sketchy and the small matter of the dowry was discreetly avoided in each instance, but it looks on first sight as if the two UK clearing banks have found partners which suit their individual needs.

Of the two, the Barclays deal is the more ambitious and arguably the more imaginative. The bank evidently envisages the development of a significantly international securities organisation - with a U.S. component added if the rules allow - and has presumably paid heavily for its admission to the industry.

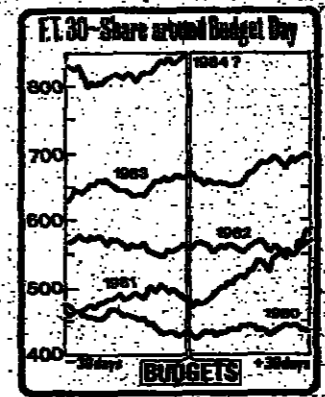
The Midland transaction, through Samuel Montagu, may look a sight less attractive if the Chancellor picks on the gilt-edged market for special treatment in his budget to-day, but Greenwell should on the face of it fit better with Montagu than with the merchant banking subsidiary of any other clearing bank.

The main challenge facing Barclays is to find a management approach to its new business which recognises the substantial risks inherent in market-making and, if it goes that route, in block trading, while allowing sufficient freedom and incentive for De Zoete and Wedd, Durlacher to develop their business.

The clearers have not always shown themselves to be exceptionally agile and the history of mergers in stockbroking suggests that De Zoete and Wedd themselves may have some testing problems, but it looks right on balance for Barclays to run the risk.

It is, however, unfortunate that Barclays was as vague yesterday on the question of investor protection as it was on its overall strategy. "Glass-Steagall" was not treated for nothing and a glance towards the Continent illustrates the pitfalls, as well as the benefits, of the universal bank principle.

It is also unclear how Barclays' corporate clients will take to using the same organisation as a source of debt and provider of equity capital, which must be the logical extension of the deal. Barclays will presumably want to accommodate parts of its own merchant banking



subsidiary - most notably corporate finance - under the securities roof. W. Greenwell has rightly been earmarked as one of the Stock Exchange partnerships most vulnerable to negotiated commissions and Montagu is therefore taking a good deal on trust by investing in a gilt-edged specialist at this stage of the game. It presumably reckons, however, that the business should dovetail nicely with its own organisation, which has developed a medium-term lending expertise and call on market-makers in house.

The prominence of clearing banks in the present wave of deals may suggest that Stock Exchange members are diving for safe harbours rather than taking the riskier route of linking up with the less well-capitalised but more nimble merchant banks to form groupings along the U.S. investment banking model. But the party is not over yet and announcements from Lloyds, Morgan Grenfell, Cazenove et al are awaited with interest.

IMI

Separate divisional trading profits were disclosed for the first time yesterday as IMI announced pre-tax profits up from £21.6m to £31.6m. Each of its seven different classes of business has performed slightly better than expectations - and stock profits have followed suit by contributing a swing of nearly £2m - but the chief interest of the breakdown lies elsewhere. It underlines how much IMI has done to reshape itself through four years of recession and £20m of above-the-line reorganisation costs - while also indicating, perhaps, how much more IMI can still hope to benefit from cyclical recovery.

Special-purpose valves, pneumatic engineering and its flourishing drinks-dispenser manufacturing subsidiary in the U.S. now represent three key businesses which have contributed 55 per cent of 1983's trading profits though only a quarter of turnover. Demand has apparently begun to grow significantly in these areas over recent months. Heavy reliance on Sam's, meanwhile, has also improved margins in IMI's other activities. In-trial gains here remain dependent on the group's environment. Pre-tax profits for 1984 should reach at least £30m. Assuming an actual tax rate of 37 per cent as stipulated for 1983 and a restoration of the dividend to its 1981 level, IMI's shares now stand at a multiple of less than 10 times earnings while yielding over 8 per cent. That ought to be some comfort to shareholders still awaiting news of stronger demand for titanium.

Steelley

There has been no stopping the Steelley share price since Herporth Ceramic made its delicately timed - and subsequently blocked - takeover pitch last year.

At that time Steelley was all too clearly ripe for picking profit forecasts in, structure, and 316 stainless had been unexpectedly cut. The hardest work, however, in terms of financing and re-aligning Steelley's production was already far enough advanced to make it evident that interest savings and loss-eliminations were in the pipeline for 1983 - an assumption which is now vindicated by a near 150 per cent jump in pre-tax profits to £24.2m.

At 29p, up 17p yesterday after a dividend increase which just enables Steelley to top the amount paid in 1981 - with rather more over - the shares stand far out of reach of a company of Herporth's resources. Yet the last 40p or so has secured since Herporth's offer last month, suggesting that other bidders might be interested in Steelley's reserves of aggregates of its newly fashionable brick business. For most of the more likely suitors, however, the fear of another reference to the Monopolies and Mergers Commission may be a deterrent. For others, it might appear that a bid would come too near the cyclical peak. In its own right, Steelley is probably capable of £28m before tax this year - for a prospective multiple on current base of about 10 - but from this lofty platform the chances of a further take-off in the shares must be a bit slim.

Bae seeks extra funds for fighter

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

THE UK Government is considering a request from British Aerospace (BAe) for additional finance for an experimental military aircraft programme designed to produce a prototype new fighter by 1986.

BAe has asked the Ministry of Defence for an additional £15m (£21.9m) in addition to the £55m negotiated last year for the programme. The move follows a decision by West Germany to cut its financial involvement in the project drastically. The experimental aircraft programme (EAP), as negotiated in 1983, provided for a 40 per cent con-

tribution from BAe and 40 per cent from MBB, the West German aerospace company, with Aeritalia providing 20 per cent. The three companies, already partners in the Tornado project, agreed to finance the building of two experimental "technology demonstrator" fighters by 1986.

It was hoped that the three-nation prototype would then lead to big orders for a new fighter for the 1990s from the three air forces.

Finance for the BAe-led programme has been affected by the subsequent decision of five European countries - France and Spain, in addition to Britain, West Ger-

many and Italy - to try to harmonise their requirements for such a fighter.

Defence ministers of the five governments at a meeting in Paris last September set in train a programme of collaboration under which the five air force chiefs agreed to a common "staff target", or outline requirement, for a new fighter.

The aerospace industries of the five countries are discussing that requirement, as well as the key issues of potential work-sharing formulae, in advance of a second ministerial meeting planned for Madrid in May.

It is understood that, in the light of such wider European collaboration, MBB has brought its involvement with the programme almost to a halt. Company officials in Munich yesterday were unwilling to comment on reports that MBB was under instructions from the West German Government to withdraw.

The principal reason is said to be Bonn's anxiety to avoid choosing at this early stage between the prototype fighter and the rival French ACK programme, which is also to produce a single demonstrator fighter by 1986. Both programmes are thought to be costing over \$290m each.

Salzgitter and Hoesch in East German deal

By Leslie Collitt in Berlin

THE West German steel companies Salzgitter-Peine and Hoesch signed a DM 300m (\$117m) agreement with East Germany to process East German steel into rolled steel over a period of five years.

Count Otto Landsdorff, the West German economics minister, held talks in Leipzig with East German's economics chief, Herr Guenter Mittag, in which both sides agreed that a forthcoming deal between Volkswagen and East Germany could serve as a model for future co-operation between companies in the two countries.

Volkswagen is to deliver a production line to produce car engines to East Germany as well as 10,000 light delivery vans. East Germany will supply VW with engines from the new line in addition to providing its own cars with badly needed water cooled engines.

Count Landsdorff said Herr Mittag indicated to him that East Germany will resume importing plant and equipment from the West and that West Germany stands a good chance of getting orders. Herr Mittag is to have talks with Chancellor Helmut Kohl in Bonn in early April.

Mexican bank sale welcomed

BY DAVID GARDNER IN MEXICO

MEXICO'S PRIVATE sector has given a cautious welcome to the government decision, announced late on Friday, to sell off the majority of its holdings in companies nationalised when the banks which own them were expropriated in September 1982.

Of the 483 companies affected by the nationalisation, bank shareholdings in 339 will be sold off, the banks will retain their interest in 128 and the balance has since been liquidated. The companies being retained by the banks are largely real estate companies which own bank buildings, and credit analysis and credit card subsidiaries.

But the main financial services subsidiaries of the banks - including brokerage houses, insurance, leasing and banking companies, and mutual funds - are to be returned to private ownership. This makes possible the emergence of a parallel capital market in competition with the state banking system.

Spokesmen for the four main employers' organisations have initially greeted the decision to return the assets as an important step towards restoring the battered confidence of the private sector, but are withholding final judgment until the full details of how the sell-off will be handled are known.

The basic mechanism for the handover will be exchange of Bank Indemnity Bonds issued as compensation to shareholders of the expropriated banks - for shares in the companies. Bond holders will have first option for two months on those company shares held by the bank in which they formally held their stake.

Then, for one month, all bond holders will have equal access to any bank held asset. After that any shares remaining will be offered to the general public through the stock market, and possibly to the trade unions.

'No block' on Wheeling deal with Nisshin

By Our New York Correspondent

WHEELING-FITTSBURGH, the U.S. steel company, has been given a strong indication that its proposed sale of a 10 per cent stake to Nisshin Steel of Japan will not be opposed by the anti-trust authorities in Washington.

The Federal Trade Commission, one of the two regulatory bodies responsible for anti-trust enforcement, said yesterday that it had granted early termination to the waiting period normally required after substantial share purchases to allow opposition to a deal to emerge.

A Wheeling-Fittsburgh lawyer said that the FTC decision suggested that the agency would find no difficulties with the agreement.

The FTC's move was taken yesterday as a sign that the anti-trust authorities had moved towards a more accommodating stance on foreign acquisitions in the U.S.

Steel has traditionally been a sensitive area in anti-trust regulation, and there have been suggestions that foreign incursions into this area might be hampered by the regulators.

World Weather

Celsius		Fahrenheit	
Temp	Wind	Temp	Wind
Algeria	13	55	2-4
Athens	12	54	0-5
Bombay	28	82	0-1
Buenos Aires	11	52	0-5
Calcutta	34	93	1-2
Cardiff	10	50	0-5
Chennai	31	88	0-1
Colombo	30	86	0-1
Copenhagen	10	50	0-5
Dublin	11	52	0-5
Hankow	14	57	0-5
Hong Kong	21	70	0-1
Jakarta	29	84	0-1
London	9	48	0-5
Los Angeles	16	61	0-5
Mumbai	28	82	0-1
Paris	10	50	0-5
Rangoon	27	81	0-1
Seoul	11	52	0-5
Singapore	28	82	0-1
Tokyo	11	52	0-5
Yokohama	11	52	0-5

Plaudits but few pledges for EMS

Continued from Page 1

official foreign currency status. Without it, the Ecu cannot be used as a vehicle for raising loans in Germany.

The UK budget, which will be presented today, prevented London from sending a ministerial representative. But there is still no significant pressure from other capitals, except Dublin, for sterling to join the EMS, according to officials.

The British Treasury, while publicly subscribing to yesterday's declaration, has within it scepticism about the actual value and achievements of the system, and has no discernible interest in joining it within the foreseeable future.

The ministers injected a note of urgency into the discussion on the Commission's five-year-old draft directive which aims for a genuine common market for non-life insurance services. They agreed to set up a group of senior officials from national capitals to examine West German proposals for excluding many risks, such as car insurance, from the directive.

But France may be shaping up to take West Germany's place as the most reluctant to liberalise insurance services. M. Delors ensured that the working group would also review all problems raised so far in the protracted negotiations, before

reporting to a ministerial meeting. AP-DJ reports from Geneva: The International Monetary Fund (IMF), in a report that might have implications for national monetary and trade policies, has found no solid evidence that exchange-rate volatility adversely affects the volume of world trade.

The report, distributed to trade officials before its formal publication, acknowledged that exchange-rate variations created business uncertainty and said its conclusion "might seem surprising in view of the widely accepted proposition that uncertainty is bad for economic activity."

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday March 13 1984

Staffordshire Where ambitions are achieved! Contact: Industrial Promotion Office, Staffordshire Development Association, P.O. Box 11, Martin Street, Stafford, ST16 2JH. Tel: 0785 3121 Ext. 7370 Telex: 36255.

Industrial revolutions FAG

Akzo plans major rights issue as profits rise sharply

By Walter Ellis in Amsterdam

AKZO, the Dutch chemicals giant, is celebrating its strong return to growth - net profit for 1983 up 180 per cent to F1,428m (\$147.1m) - with a one-for-10 rights issue intended to raise F110m.

Operating income rose last year by 71 per cent over 1982, to F1,945m, on sales up 7 per cent, at just over F1,100m.

On the Amsterdam Stock Exchange yesterday evening, Akzo's share price fell on profit-taking, to around F1,100 from the previous close of F1,106.80. The rights issue offer price of F1,30 should still provide investors with a substantial premium, however.

State set to reduce stake in PKbanken

By Kevin Done, Nordic Correspondent, in Stockholm

THE SWEDISH Government is to press ahead later this month with its plans for the partial privatisation of PKbanken, the state-owned commercial bank and one of the country's largest financial institutions.

Income rise for General Cinema

By Our Financial Staff

GENERAL CINEMA, the largest cinema operator in the U.S., reported a major profit for the first quarter of 1984, with net earnings of \$202.9m against \$211.1m.

Record year for Turkish bank

By David Barchard in Ankara

INTERBANK, widely regarded as the most dynamic force in Turkish banking, lifted profits from TL 1.4m to a record TL 3.1m (\$12m) in 1983.

Suspense over final approval of ERT rescue

By David White in Madrid

THE 126 bank creditors of Union Explosivos Rio Tinto (ERT), Spain's leading private sector chemical group, are due to meet in Madrid tomorrow to approve a long-awaited rescue plan in an atmosphere of considerable suspense.

The meeting has been called after 18 months of tough negotiations following the group's decision to suspend repayment of debts amounting to about \$1bn.

IWKA recovery under way

By John Davies in Frankfurt

INDUSTRIEWERKE Karlsruhe (IWKA), the West German engineering group and robot manufacturer, has made a further step in its recovery programme, with increased profits and a boost in orders.

Agricultural products aid John Labatt

By Our Financial Staff

JOHN LABATT, the large Canadian brewer controlled by Brascan, the Toronto holding company of the Peter and Edward Broadman group, boosted operating net earnings for the nine months ended January 31 to C\$96m (U.S.\$52.5m) or C\$1.33 a share on a diluted basis.

Conti-Gummi in knowhow pact

By Our Frankfurt Staff

CONTINENTAL Gummi-Werke, the West German tyre manufacturer, has agreed with a Japanese company to exchange knowhow on technical rubber products.

William Hall reports from New York on the latest merger in the oil industry

Superior reserves tempt Mobil

By Our Financial Staff

SUPERIOR OIL, the biggest independent oil and gas producer in the U.S. has been up for sale for several months so Mobil's \$5.7bn bid did not come as a complete surprise.

Cardo lifts earnings and dividend

By David Brown in Stockholm

CARDO, the Swedish sugar, seeds and biotechnology group, has reported a 24 per cent jump in 1983 earnings - to SKr 582m (\$75.7m) from SKr 433m after net financial items, but is expecting lower pre-tax results in 1984 because of poor weather.

Table with 3 columns: COMPANY, 1978-82, 1982. Lists Superior, Tenneco, Pennzoil, Union, Shell, Amoco, Ory-Clides, Conoco, Sun, Gulf, Chevron, Arco, Mobil, Exxon, Texaco, Phillips, Getty, Marathon, Amerasia Hess, Sohio.

Chart expresses new oil and gas reserves found through drilling as percentage of oil and gas produced.

erates more than 60 platforms in the Gulf. Although its U.S. crude oil production of 41,000 barrels a day is only 12 per cent of Mobil's production, its U.S. natural gas production of 843m cubic feet a day compares with Mobil's 1,506m last year.

Strong growth for two U.S. retailers

By Our Financial Staff

STRONG growth was shown by two major U.S. stores groups over last year. Allied Stores lifted net earnings by 13.6 per cent from \$70.54m to \$80.11m in the fourth quarter to January, taking the total for the year to \$128.47m from \$90.68m.

Superior's management began to look increasingly isolated. The company moved to strengthen its board and after 'two tough years' predicted a resumption of earnings growth in 1984.

For a while it looked as if Superior would get its wish to remain an independent factor in the oil business. But in mid-October Mr Howard Keck, one of the principal supporters of the company's continued independence, quit the board, starting speculation that he wanted to end the family feud with his sister and sell the company to the highest bidder.



Mr William Tavouareas

Superior hired Morgan Stanley to defend it and adopted a controversial 'poison-pill' anti-takeover device by proposing an issue of new convertible preferred stock.

Superior's management began to look increasingly isolated. The company moved to strengthen its board and after 'two tough years' predicted a resumption of earnings growth in 1984.

U.S. bank studies Norwegian venture

AN OSLO savings bank may become a 50 per cent partner in a Norwegian subsidiary which the Bank of America is planning to set up in Norway, after the relaxation of Norwegian restrictions on foreign banks establishing subsidiaries in the country.

Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED. Extract from Consolidated Accounts at 31 December 1983. Table with columns for 1983 and 1982 in £'000 and \$'000. Items include Share Capital and Reserves, Subordinated Loans, Total Capital Funds, Deposit Liabilities, Loans, Total Assets, Profit before Taxation, Profit attributable to Shareholders.

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MPH chairman resigns to contest party leadership

BY WONG SULONG IN KUALA LUMPUR

MR TAN KOON SWAN, a leading Malaysian entrepreneur, has resigned as executive chairman of Multi-Purpose Holdings and is now widely expected to contest the leadership of the Malaysian Chinese Association, the Chinese partner in the Government.

Mr Tan, aged 44, was largely responsible for building up MPH from a company with a built-up capital of 30m ringgits (\$13m) seven years ago into a conglomerate with a paid-up capital of 450m ringgits, and assets exceeding 2bn ringgits. He has been succeeded by Lee Sanchoon who left the Cabinet and stood down from the presidency of the MCA last year to go into business.

MPH has substantial interests in plantations, including control of Dunlop Estates, property development, banking, trading, and shipping. It is controlled by the MCA co-operative society, KSM, and Mr Lee's acceptance of the MPE job is seen as a strong endorsement of Mr Tan's challenge against Dr Neo Yee Pan, the acting MCA president, in the party's elections in June.

Mr Tan's supporters say his resignation underlines his preparedness to go into full time politics. His supporters acknowledge that Mr Tan's biggest liability is that most MCA party delegates still regard him as a businessman rather than a serious politician, although he has been a member of Parliament since 1978.

Early this month Mr Tan announced plans to reduce his business ties by proposing a merger between his family-controlled Supreme Corporation and Textile Corporation, which is controlled by the clanish Chinese-Hainanese community of which he is a member.

Dunlop Olympic increases interim profits and payout

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DUNLOP OLYMPIC, the diversified Australian industrial group, staged a smart improvement in interim net profit in the six months to December, and is raising its interim dividend from 4 cents to 5 cents a share, covered by earnings of 12.6 cents a share, against 8.9 cents previously.

Interim net profit was a record A\$32.9m (US\$31.3m), a gain of 35.7 per cent on the first six months of 1983-83.

Australia's mining and industrial majors are turning in such stronger profit in the current financial year, though the recent flow of good results has fuelled fears that the Government's prices and incomes accord with the unions may soon be subjected to pay pressures outside the central wage-fixing process.

Dunlop's improved interim profit was attributed to a return to the black for its tyre operations, reduced borrowings, and an improved economy.

Turnover was 6.2 per cent higher at A\$735.5m, while borrowings were reduced by A\$13m, cutting interest payments in the period from A\$13.1m to A\$9.1m. Tax took A\$23.6m, against A\$16.2m.

Results for the full year will reflect the good performance obtained in the first half, said Sir Brian Massey-Greene, the chairman.

Nicholas Kiwi, the Australian-based pharmaceuticals and household products manufacturer posted a net profit of A\$10.5m for the six months to December 31, up 16 per cent from the A\$8.6m of the same period of 1983.

The interim dividend has been raised from 6 cents to 7 cents a share. Turnover came to A\$167.2m, up 10.5 per cent. AP-DY reports from Melbourne

SA papers in property advertising battle

By Bernard Simons in Johannesburg

A QUIET struggle for market share between South Africa's two major English-language newspapers groups has turned into open hostility following a series of moves by the Argus group, the country's largest publisher, to expand its Sunday newspaper interests.

The Star, Johannesburg's main afternoon paper which is owned by Argus, has managed to capture a large slice of the lucrative property advertising traditionally carried by the Sunday Express, a regional Sunday paper owned by South African Associated Newspapers (SAAN), the group which also owns the Rand Daily Mail, probably South Africa's best-known paper.

The Star's bid for the advertising appears to be a prelude to a Sunday Star, which would be the strongest competition yet to the Jewel in SAAN's crown, the Sunday Times. Estate agents decided to switch to the Star after being offered rates fixed for five years at only a quarter of the Star's normal advertising rates. SAAN estimates that the discounts will cost Argus some R25m (\$21m) over the five-year period. Argus's net profit was R10.9m in the first half of its current financial year.

Mr Clive Kinsley, SAAN's managing director, said over the weekend that he was "concerned about the advertising effect such loss-leader tactics will have on the English language press as a whole." He conceded that the loss of the property advertising, which had been a 92-million page last weekend, is a serious blow. SAAN will not allow this sort of action by a competitor without "forceful retaliation," he added.

Correspondent Banking with Sweden



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Snia Fibre back in the black

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

CESANO is an otherwise unremarkable-looking town on the road from Milan to Como and the Italian lakes. What sets it apart from the other towns that ring the big city is the production plant of Snia Fibre, the textiles arm of Snia-BPD, the giant chemicals-to-defence concern.

What makes Snia Fibre remarkable within the group is that it made a profit last year for the first time in nine years. Sig. Demetrio Corradi, its managing director, allows himself a smile at the thought.

"When we publish the figures in April we shall have something good to say for a change. Turnover went up 11 per cent last year to L478m (\$298m) and we should show a small profit. This year will be even better because we have got the structure right. It is a nice feeling to know we are making money after so many years of losses."

Snia Fibre, like the two other Italian producers, Montefibre and Anic Fibre, and the whole of the European industry, is now feeling the benefits of a rationalisation programme which is ending just as demand for textile fibres is picking up by 5 per cent in Europe last year alone.

Italy has the second largest textile industry in Europe after Germany, so when the industry turned down in the wake of the first oil crisis in 1974 it was particularly vulnerable. Massive over-capacity emerged throughout Europe as demand dropped and the industry was saved only by the intervention of Viscount Etienne Davignon, European commis-

sioner for industrial affairs, who in 1978 originated a plan to rationalise production. At that time the European industry was working at 67 per cent capacity compared with 92 per cent in pre-crisis days.

The early years of the Davignon plan were only fitfully successful, largely because the Italians dragged their heels on taking out surplus capacity. But by the time a second Davignon agreement was signed in 1982 they were fully co-operative.

For Snia, Davignon has entailed the elimination of some 30,000 tonnes of capacity at plants in Cesano, Naples, and Rome and the closing of a plant in Sesto, Italy. It has also taken out 30,000 tonnes of capacity in a plant producing viscose near Milan, which was not part of the Davignon scheme.

The result has been two-fold: the company is concentrating on the production of fewer lines, a trend being adopted throughout Europe; and it is getting its productivity per worker up to the European average.

Snia Fibre has at the same time been helped by an internal reorganisation by its Snia-BPD parent which has given it a more clearly defined management structure.

Snia-Viscosa (the company's name before it was changed to Snia-BPD last year), was a very loosely organised concern. All the operating divisions reported to the top and it was very difficult to find much rationale for the distribution of group costs among them.

In 1981 the divisions were put on a company structure, each with its own board, chairman, and managing director. They were given individual rates of return and left very much to lead their own lives. "The result," according to Sig. Antonio Belloni, chairman of the new Snia Fibre, "has been a revelation. A new mood has been generated within the company and with the strong backing we have from our parent, we are much better organised to meet future needs."

Improved productivity Even before the reorganisation Snia Fibre had been improving. Productivity per worker went up from 13 tonnes a year in 1977 to 17 tonnes in 1979 and then jumped to 27 tonnes in 1981. It is now 31 tonnes.

At the same time the workforce has been reduced from 12,000 in 1975 to around 4,000 now. At the time of the reorganisation it was 5,400. Snia Fibre's turnover and losses before 1981 are not published because they were subsumed in the parent's. But in 1981 it made a loss of L3.2bn on a turnover of L46bn and although they shot up to L27.8bn on a turnover of L438bn in 1982 two-thirds of that loss was accounted for by the cost of paying off displaced workers.

SANYO ELECTRIC CO. LTD.
Curaçao Depository Receipts of ordinary shares

The undersigned, acting as duly authorized Agent of Carnhill Administration Company N.V., announce that at the shareholders' meeting held on the 28th February, 1984, it was decided to pay a final dividend of Yen 3.50 per share for the fiscal term ending November 30th, 1983.

This dividend will be payable, less 20% Japanese tax, as from the 15th March, 1984, on the coupon no. 31 of the CDRs. Payment will be made at the undermentioned offices as follows:

- \$ 5.97 per CDR of 10 dep. shares of 50 ord. shares
- \$ 11.94 per CDR of 20 dep. shares of 50 ord. shares
- \$ 59.70 per CDR of 100 dep. shares of 50 ord. shares

Residents of countries which have concluded a tax treaty with Japan, may only afterwards, claim a 5% tax refund in Japan. The coupons no. 31 may be presented in:

- LONDON** to The Sumitomo Bank Ltd., Temple Court, 11 Queen Victoria Street, LONDON EC4V 4TP
- HAMBURG** to Bank Mees & Hope NV, Feterstrasse 2, 4 rue Gallion, 75 PARIS 2e.
- NEW YORK** to Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, N.Y. 10015.
- AMSTERDAM** to Bank Mees & Hope NV, Herengracht 548.

Amsterdam, 6th March 1984. BANK MEES & HOPE NV

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UK COMPANY NEWS

Good second half boosts Steetley profits to £23m

SECOND HALF pre-tax profits of Steetley, minerals, construction materials, chemicals, engineering group, surged from £3.9m to £14.5m and lifted the full year's figure to £23.2m for 1983, compared with a depressed £2.8m. A record £23.5m was achieved in 1979.

HIGHLIGHTS

Lex concentrates on the latest upheavals in the City. Barclay's Bank confirmed its dual deals with jobbers Wedd Burlacher and Mordant and brokers de Zoete and Bevan. Meanwhile another clearer, Midland Bank, was busy buying a stake in a leading broker, W. Greenwell, through its merchant banking subsidiary, Samuel Montagu.

Wolseley Hughes up by £3.4m in first half

SUBSTANTIAL GROWTH has been shown by Wolseley-Hughes in the half year ended January 31 1984, with profits before tax ahead from £7.25m to £10.65m. Subject to any significant changes that might be introduced in today's Budget, the directors expect the pattern of trade to continue for the rest of the year.

Pentos in black and prospects good

A RETURN to profits in the second half, as forecast, has been made by Pentos, the diversified industrial group. The pre-tax balance was £760,000 at least an overall surplus of £287,000 for the year 1983.

Canadian and UK operations of Profile Expanded Plastics both lost money, but they should pick up in the current year. Results in the construction and property activities suffered from the timing of orders and completions which can be critical factors, and sales came to £4.96m (£4.25m) and profits to £482,000 (£496,000). But the outlook for this year is better.

leaving the net attributable loss at £94,000 (£3,01m). Before the extraordinary earnings are added (£1.5m) (£1.5m) per share. Results in the construction and property activities suffered from the timing of orders and completions which can be critical factors, and sales came to £4.96m (£4.25m) and profits to £482,000 (£496,000).

These figures show Pentos still engaged in a slightly unenviable race between two halves of the balance sheet—debt, and shareholders' funds—as to which will come down the faster. At the moment, as a result of extraordinary write-offs, shareholders' funds have fallen to around £2m, net of goodwill, against a debt of £8.5m. There is still a lot more to be sold off and the company is confident that over the next year or two debt can be repaid entirely. Over the next few years, however, the company has a number of projects on the bright side, the revamped Athens and Cyprus are showing signs of turning into profitable ventures, with high yield growth, and for the first time in years the group is separately attractive to investors. But until the financial programme is complete, and the balance sheet is brought back to a healthy state, the group's prospects are likely to be unimpressive. The preference dividend was again suspended, and shares closed unchanged at 22p.

Formdesign set to join USM

MAKING BUSINESS forms and computer stationery is the business of Formdesign, which will join the Unlisted Securities Market this month. Formdesign is coming to the USM via a placing of 625,000 shares, 25 per cent of the total equity, arranged by brokers Albert E. Sharpe.

in the nine months to last December. The directors forecast pre-tax profits of £380,000 in the year to March 1984 with a significant increase in the following year. Profits were on a plateau in 1981 and 1982—£194,000 and £155,000 respectively—because unit volumes slipped during the recession.

including an increase of £1.7m in trading profits from electronic and electrical components, pre-tax profits at Cambridge Electronic Industries were 10 per cent. This increase, but represented satisfactory progress against an economic background showing some relaxation from the worst effects of recession. All three sectors of the group contributed to this progress.

Cambridge Electronic ahead to £9.7m

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lifts the total by 1p to 6p. Earnings per 25p share improved by increased volume. Interest receivable fell from £272,000 to £180,000 following the payment in the U.S. of interest on reduced interest rates.

There may still be a couple of small problem companies within its portfolio of 20 odd subsidiaries but the results are clearly strong at CEI. The inclusion of Elec-Trol, its only acquisition since being set free from Philips in 1981, distorts the picture slightly but strips out and the underlying performance is even better. Elec-Trol added

around 8 points in price growth but contributed a loss for the year as a whole. The hope is that the U.S. economy will pick up even this year. Overall CEI is in the unusually happy position of seeing most of its diverse markets heading the right way and with order book levels high. The group has been able to raise prices. An average 20 per cent rise within 15 points of sales growth may not seem much but in an industry normally held back by falling prices, any increase is a real plus. To date, the order book is 15 per cent ahead and it would not be surprising to find a further 10 per cent increase in this year. At all, an all-time high of 32p, the market capitalisation is £120m—10 times historic earnings. If CEI could find a financially principled high-tech acquisition, the price/earnings ratio could be tempted to what our senseless paper.

IMI 1983 Results

Table with 2 columns: Year ended 31 December 1982 and Year ended 31 December 1983. Rows include Turnover (632,639 vs 676,340), Trading Profit (33,382 vs 41,631), Income from investments and interest received (5,046 vs 4,640), Interest payable (16,821 vs 14,721), Profit on ordinary activities before taxation (21,607 vs 31,550), Tax on profit on ordinary activities (8,087 vs 11,650), Profit applicable to shareholders of IMI plc before extraordinary items (12,662 vs 19,433), Extraordinary loss after taxation (1,915 vs 10,342), Dividends (9,404 vs 10,750).

Notes: 1. The analysis of turnover and profit on ordinary activities before taxation by class of business is as follows:- Table with 2 columns: 1982 and 1983. Rows include Turnover and Profit for Building products, Heat exchanger, Fluid power, Special-purpose valves, General engineering and sundry trading, Refined and wrought metals, Drinks dispense, Corporate finance and administration costs, Intra-group sales.

Dividends: The Directors recommend a final dividend of 2.5p per Ordinary Share, payable on 18 May 1984 to shareholders on the Register at the close of business on 19 April 1984, which will absorb £5,719,000 (1983: £5,373,000). Together with the interim dividend of 1.5p per share paid on 24 October 1983, this makes a total of 4.0p per share (1982: 3.5p per share).

Brief Review of Activities: Turnover and pre-tax profits were respectively 7% and 46% up on last year's figures. UK sales at £376 million were 10% higher and sales by overseas companies of £204 million were 8 1/2% higher but exports from the UK were 6% lower, largely as a result of withdrawal from unprofitable product and market sectors.

REDAUNDANCY AND REORGANISATION costs borne above the line amounted to £5.1 million. An extraordinary loss of £10.3 million arose from the sale of the rod and wire business in September 1983 and two small rolling companies in March 1984, and from discontinuation of other activities.

Fluid power and drinks dispense were major sources of profit improvement. Progress was also made in metal refining, copper tube and cylinders, special purpose valves, air conditioning and sporting ammunition. Demand for titanium remained low and results were disappointing.

BUILDING PRODUCTS - HEAT EXCHANGE - DRINKS DISPENSE - FLUID POWER SPECIAL-PURPOSE VALVES - GENERAL ENGINEERING - REFINED & WROUGHT METALS IMI plc, P.O. Box 216, Witton, Birmingham, B6 7SA.

Wolseley-Hughes has reason to be nervous when the Chancellor's Budget is announced. One of the fringe rumours about the Budget concerns VAT on home improvements, which would do no good at all to Wolseley's home heating business. That apart, all the emphasis at present is on the U.S., where Ferguson seems to be capitalising remarkably on the rate of economic growth in the northern States. The distribution business there is split roughly equally between the domestic and industrial markets, in a neatly counter-cyclical fashion. Demand in the industrial side is locked for shortly. The group is permanently on the hunt for further U.S. acquisitions, and the long-term aim is to make the U.S. the major source of profit. More immediately, and barring fiscal accidents, full year profits should be around £21m. On an actual tax basis, this puts the share at 56p (up 17p on a prospective multiple of 9.6).

North Sea oil company for USM: THE USM is about to welcome a new recruit to its oil sector in the shape of North Sea and General Oil Investments (NSGI). Plans are well advanced for an offer for sale arranged by Hambros Bank and Samuel Montagu, although timing and other details have yet to be finalised. NSGI is a holding company, whose sole subsidiary Dawson was set up in 1980 to apply for North Sea exploration licences. Its principal activities are the exploration for and production of oil and gas in the North Sea. The group was among the most successful applicants in the search for eighth licence rounds, when it acquired 70,326

Beatson Clark setback: GLASS CONTAINER manufacturer Beatson Clark recorded sharply lower pre-tax profits of £1.2m for 1983, against £2.3m for the preceding 12 months. This followed a stagnant second half in which the company broke even. Last year's second half saw a profit before tax of £712,000. After a tax credit of £146,000 (debit £253,000), earnings per share are announced to 24.2p (25.3p).

Microgen plans full listing: Mr Patrick Barbour, chairman of Microgen Holdings, tells members in his annual report that he looks forward to continued steady growth in the use of computer output microfilm (COM). He also looks forward to further gains in productivity in the COM division and a substantial contribution to profits from the Systems and the LA COM businesses.

DIVIDENDS ANNOUNCED table with columns: Company, Current payment, Date, Corro. Div, Total for year, Total last year. Rows include A & G Security, Beatson Clark, Cambridge Elec, Clay & Forest, Guernsey Atlantic, IMI, Merchants Trust, Murray Glendevon, Steetley, Wolseley-Hughes.

Fidelity sounds profit warning: PROFITS AT Fidelity, manufacturer of televisions, stereo units, record players and tape recorders, have run into some interference. The group warned yesterday that pre-tax profits for the year to March 31 would fall "significantly short" of the £2.2m which it forecast at the time of last July's £3.5m rights issue. However, the shortfall is unlikely to affect the dividend forecast of not less than 3p net for the current year. Following the announcement, Fidelity's shares fell 3 1/2p to 90p. Mr Steven Dickman, the chairman, said: "The fact that we are sticking to our dividend forecast indicates that this is more of a hiccup than a disaster."

George Wills expects a shortfall: Instead of an expected record year, George Wills and Sons (Holdings) has been hit by a number of setbacks. The group's sales have fallen by 10% and its profits by 20%. The company's international commodity company, Wills & Sons, has suffered a substantial loss of £1.4m. The company also announces that it has purchased a 21.5 per cent stake in UK Group of Guildford. The deal will be satisfied by an initial £500,000 cash payment with the balance to be provided by performance provisions for further payments of up to £150,000 each.

LABROKE INVEX: Based on FT Index. 842-848 (+5). Tel: 01-492 5261.

Link House Publications PLC: HALF-YEAR TO DECEMBER 31, 1983. Continued profit growth. Pre-tax profits up 14% to £3.7 million. Interim dividend increased 11% to 5.0p. Further increase in profits from Advertising Periodicals Division and improved results from both Magazines and Books Divisions. Positive signs of worthwhile improvement in second half-year.

Robert Rogers House, New Orchard, Poole, Dorset BH15 1LU.

completed until the next financial year. The group said all these difficulties had been overcome and production of cordless telephones and colour televisions was now proceeding well. The group's profits have risen sharply from £218,000 to £766,000. Demand for cordless telephones was strong and the group expected the time the order backlog would fall into the current half. In the year to March 1983 group profits before tax were held back to £20,000 after reaching £218,000 at the half-way stage. The group had to sell off large stocks of CB radios at an estimated £700,000 loss of profit.

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George Wills expects a shortfall

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MINING NEWS

BIDS AND DEALS

Hampton Areas to float Australian subsidiary

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Hampton Gold Mining Areas international natural resource group is to offer 25 per cent of its wholly-owned Australian subsidiary, Hampton Australia (HAL), to the Australian public via a \$67.3m (£45.8m) share issue. Shares of HAL have been granted approval for a listing on the Australian associated stock exchanges.

HAL will be issuing 9.7m new ordinary shares of 20 cents for subscription in Australia at a price of 75 cents per share, capitalising the company at \$333.1m (£18.3m). Hampton Areas will retain its holding of 29.1m shares of HAL, or 75 per cent of the latter's enlarged capital. The proceeds of the issue will be used by HAL to further its development. Its major interest is a 30 per cent share in the Paranga joint gold mining venture with CSR in Kalgoorlie, Western Australia.

Mr George Livingstone-Learmonth, managing director of Hampton Areas, said in London yesterday: "I believe it is very important for a developing minerals company to identify very closely with the country in which it is working. Our flotation in Australia achieves this and we have done it at a time when there are interesting developments in both our operating interests and in our exploration joint venture activities in Western Australia."

Buy-out of Bejam joint venture for £2.7m

FIVE senior executives of Meatpak Hampshire Group have purchased the company and its £30m-a-year frozen beef, lamb and pork business. With financial support from leading institutions, they are paying a total of £2.67m to acquire Meatpak from its founders, Bejam Group and Swift and Co., a subsidiary of the American-owned multinational, Eskmark. Meatpak has 220 employees. Its headquarters and beef and lamb plant are at Chandler's Ford, Hampshire, with the pork plant at Beesley, Suffolk. The buy-out team has been led by 41-year-old managing director Mr Peter Howard-Jones. His colleagues, all of whom have had major food industry experience, are Roy Keeling (financial director), Shade Munro (sales and marketing), Geoffrey Wood (research and development) and Derek Ware (production).

Brockhouse door opens for Evered

BY RAY MAUGHAN AND LORNE BARLING

Caparo Industries, the industrial capital Brockhouse urgently requires. Bankers to Brockhouse, led by Midland Bank, have pressed hard for a cash injection to give the group headroom against its overdraft ceiling of £16.4m. Evered is raising £5.5m net through a heavy rights issue on the basis of two ordinary shares at 50p for every three shares held. The rights issue is not conditional on the success of the four-for-10 ordinary offer. Evered shares fell 4p yesterday to 110p which gives an offer price of 41.6p. A cash alternative of 38p per share has been underwritten by Evered's adviser, Robert Fleming. Robert Fleming is taking £5m of the £11.5m of the aggregate new capital Evered is raising to support the rights and issuing to make the bid.

Mr Hans Fui said after the meeting that we will look at the Evered offer, but we have no desire to hold the paper. Capro already holds a 17.4 per cent stake in Brockhouse. He added: "The vote means that shareholders want more time to think about the matter. Time, however, is not readily available. Brockhouse has lost money in each of the last three years and its net borrowings, still rising, had reached £15.1m at the end of January. The banks had said that their continued support depended on the injection of additional capital. Brockhouse's net worth is shown at £20.8m as at September 30. Losses amounted to £83,000 in that year. Mr Raschid, Abdullah, the chairman of Evered, said yesterday that "we think assets will be about £2.5m after all write-offs. Certain companies probably have to be sold since they are too small for their industries. He said that the transmission and Triangle Valve subsidiaries are "bleeding badly" while the Brockhouse Chainin precision has been losing about £500,000 annually. In addition, the Evered board believes that Brockhouse's property assets are probably overstated.

The two profit-making activities are the Rolling Conveyors, bulk materials handling business at Stroud, and the North American subsidiaries and a gear, historically about £2.5m between them. Evered was able to bank up the heavy expansion of its equity base entailed by these issues with profits of £37,000 in 1983 against £22,000. Evered and Tipson, the rope manufacturer, lost £125,000 before tax in the two and a half months since its acquisition for £2m. The board, however, believes £2.5m will make profits of between £500,000 and £750,000 before serving debts of £14m. The Tobacco Trust ruled yesterday that Oceanic Investments, which has built up a stake of 11.5 per cent in Brockhouse at prices above the bid price, has no right of concert with Evered, although the Raschid Abdullah acts for the various Arab interests invested in Oceanic.

Mr Raschid Abdullah, the chairman of Evered, said yesterday that "we think assets will be about £2.5m after all write-offs. Certain companies probably have to be sold since they are too small for their industries. He said that the transmission and Triangle Valve subsidiaries are "bleeding badly" while the Brockhouse Chainin precision has been losing about £500,000 annually. In addition, the Evered board believes that Brockhouse's property assets are probably overstated.

Gold bonanza for Mr Powell

A GOOD deal of interest has been sparked off in Western Australian mining circles at the news that a gold prospector, Mr Bill Powell, appears to have "struck it rich" near Coolgardie, 350 miles north-east of Perth. The ore from the find is being processed at the local state battery and has been yielding more than half an ounce gold per tonne. Some crudiens are reported to have averaged 26 grammes per tonne. Mr Powell's open-pit is about 100 metres across and about five metres deep, near to the abandoned Mopit mine to the west. The orebody runs north-south and is open at both ends. It is thought by the nature of the quartz deposit that the gold could also occur at depth.

ZCI struggling on

A NET loss of U.S.\$918,000 (£80,000) for the half-year to December 31 compared with a loss of \$1.83m in the same period of the previous year is reported by Zambia Copper Investments. No dividend was received from the 27.3 per cent holding in Zambia Consolidated Copper Mines (ZCCM). However, ZCI says that \$5.98m (£5.54m) of previously reported income which was tied up in Zambia awaiting externalisation has been reclassified as a sterling designated long-term loan to the Zambian Government. Re-

payment will be due in three half-yearly instalments starting on September 30, 1984. ZCCM is suffering from production shortfalls caused by critical shortages of spares and mine equipment. After taking in taxes it made a net loss of \$24.4m in the December quarter. This left the big copper producer with a net loss of \$14.4m for the cumulative nine-month period of last year against a net loss of \$120.1m in the same period of 1982. The share of ZCI were unchanged in London yesterday at 19 1/2p.

English China Clays

The disposal of its interest in Katalistiks International BV has been announced by English China Clays. Following an approach by Union Carbide Corp of Connecticut, U.S. The approach was made to the three shareholders in the Fluid cracking catalyst (FCC) company Katalistiks. Agreement has substantially been reached for the acquisition by UC of the whole of KIC's FCC business, including assumption of all debts, for approximately \$107m (£73.6m). UC and KIC expect the acquisition to be completed by the end of May. The other shareholders in KIC each of which has a one third interest, are EKA AB of Sweden and CHL International Inc of Baltimore, U.S. Consideration attributed to EOC's one third equity interest will be of the order of \$15m (£10.3m) compared with the investment of \$10m made in December 1981.

Swedish group bids £13.6m for Macpherson

BY RAY MAUGHAN

Becker, a quoted Swedish consumer paints and industrial coatings manufacturer, yesterday ended days of speculation concerning Donald Macpherson, which supplies Cover Plus to Woolworth, when it launched a £13.6m cash bid 75p per share. The approach drew an instant and emphatic rejection from the Macpherson board, headed by Mr Rex Chester, who said that "the offer has no compatibility with benefits and the price offered reflects neither the underlying worth nor the prospects of the group." Net worth, the chairman said, is £18.6m. He noted that Becker's supposed attempt to buy 10 per cent of the share capital at the offer price through the market yesterday morning "appears to have been completely unsuccessful."

Baring Bros, advising Becker, denied that any attempt had been made to raid Macpherson's shares although efforts to support the offer through market purchases had been blocked instantly by the rise in Macpherson's share price which closed yesterday 15 1/2p ahead at 84p. Mr Hans Miver, president of Becker, explained that "Macpherson's interests in retail paint, in the main represented by the Cover Plus range of paints, is compatible with Becker's trade paint division, operated by Becker throughout the Scandinavian countries. The bidder's strength in the area of industrial coatings, coupled with the technical expertise of both groups, will provide a solid base for expansion and further development of those businesses."

Becker's UK activities comprise industrial paint in Walsall, powder coatings in Woking and coatings for the oil and gas fields, coupled with an on-shore blasting station, at Great Yarmouth. Becker employs about 200 people in the UK and has expanded its UK base—where it has 30 per cent of the consumer market—into most other European countries and exports a "European" cross-fertilisation of technology will result from the acquisition. At the same time, Macpherson has various complementary overseas operations, notably its 75 per cent owned Malaysian subsidiary, Sisons, and offshoots in Trinidad and Malta. Overseas, profits growth more than offset Macpherson's 44 per cent shortfall in UK trading profits in the year to October, 1983. These problems were made up, in large part, by substantial increases in new management at Woolworth, the one-off cost Macpherson was forced to carry to meet Woolworth's new weekly ordering requirements.

In addition, Macpherson has met the cost of 300 redundancies at its Bury operations and provided for the sale or impending sale of its three loss-making subsidiaries: Aerosol, South Africa, Newport Paints, North Ireland, and Sherwood Parsons, the UK vehicle re-finishing business. Loss elimination following these disposals would be worth some £1.2m, according to a recent analysis by W. Greenwell, and it is expected that Woolworth's ordering will pick up substantially after the heavy de-stocking which carried over into the first quarter of the current financial year. The brokers have, however, calculated that Macpherson will be in loss for the first half, possibly by as much as £30,000, although the firm has estimated that trading profits could improve rapidly thereafter.

Tin production

TIN concentrate production by the Malaysian Gopeng group eased last month after increasing in January. In the case of Gopeng itself the February figure makes a total for the first five months of the current financial year of 62 1/2 tonnes against 71 1/2 tonnes in the previous year. For the first two months of 1983 Mambang Di-Awang has produced 7 1/2 tonnes against 4 1/2 tonnes in the same period of 1983 while output of Idris for the period amounts to 32 tonnes against 16 1/2 tonnes.

MINING NEWS IN BRIEF

THE Rio Tinto-Zinc group's Australian CRA subsidiary has now opened an office in Beijing and signed two agreements which extend the company's technical exchange activities with China's ferrous and non-ferrous metallurgical industries for a further five years. Sir Roderick Carnegie, chairman of CRA said: "The Chinese leadership has embarked on a determined course to raise the living standards of its citizens. The visit of Premier Zhao Ziyang to Australia last year and Prime Minister Hawke to China last month have provided an umbrella under which business relationships beneficial to both sides can flourish."

group's South African offshoot, Rand London Corporation, is reopening its Brockwell mine on a partial basis as a result of new orders for the particular quality of anthracite available from the mine. It was placed on care and maintenance in February, 1982, because of the falling world demand for anthracite. Rand London also announces that negotiations have been completed for leasing of the mineral rights of an area at Looppruit in the Transvaal. The company's coal division will continue the opencast production of D grade bituminous coal from the existing mine which will be expanded to meet rising orders.

Stewart Nairn

Stewart Nairn has agreed with Benchmark Corp. NV to exercise its options to acquire Benchmark's freehold interest in 9/15 Sackville Street, WI, for £5.5m. Consideration will be satisfied by transfer from SN to Benchmark of shares at an agreed value of £3.85m and £2.65m in cash.

BIDS AND DEALS IN BRIEF

Mills and Allen Intl is now interested in 2.68m ordinary shares, 7.9 per cent of Hogg Robinson Group. Geosite Survey Group, part of Geosites Group, has acquired COMAP Project Management Services, a group of geophysical companies based in Manchester, UK and Houston, U.S. COMAP's high resolution geophysical expertise complements Geosites' international spread of survey companies and enhances the Geosites' quality survey services throughout the world. Major contracts are already being jointly undertaken by the two companies in Alaska and China. Geosite Survey Group is a world leader in the marine survey and positioning industries. DSI operates from Cyprus and provides advice on security matters, from threat assessment to system design and response force organisation. The joint venture is an important step in the company's development as an international security group. The initial collective capital was significant but the potential profits for 1983 and beyond are substantial. Hawtin has acquired Gull West Suits for £150,000, of which £109,600 is payable in cash and £41,400 will be satisfied by the issue of 350,000 ordinary shares at 12p per share. Net asset value of Gull at the end of March 1983 was £185,570 and pre-tax profits for the year to the same date amounted to £21,695. The Gull acquisition is an expansion into the leisure industry. Crest Nicholson has acquired the business and assets of All-Pro Turf, an established supplier of artificial sports surfaces based in Oklahoma City, Wymouth was not part of BTP's mainstream operations and contributed less than 5 per cent of BTP's pre-tax profits for the year ended March 31 1983. In the edition of March 9 it was reported that Anglo-Indonesian Corporation had acquired a further 34.2 per cent stake in Aestasy Industries Metalurgicas. The second paragraph of this story, beginning "A third aim..." did not refer to Anglo-Indonesian. Security Centres Holdings has started a joint venture company in the Middle East called Defense and Security International. The other partners are Defense Systems, a British company and the Middle East Institute for Strategic Studies which is based in Jordan. Hanson Trust owns or controls approximately 75 per cent of London Brick ordinary stock. The offers for the ordinary and preferred stock units have been declared unconditional as to acceptances and are now recommended by the board of London Brick. At the request of Hanson, the London Brick board has decided not to pay the second interim dividend on the ordinary stock announced on February 24 for payment on April 10. British Tar Products has sold its trading business, Wymouth Lehr & Fatoles to N. W. Harvey, an unlisted commodity trader based in the City of London. BTP received £1.15m in cash from the sale, comprising £700,000 in respect of the share capital of Wymouth and £450,000 in respect of inter-company borrowings. The consideration represents the estimated net tangible assets of Wymouth. Wymouth was not part of BTP's mainstream operations and contributed less than 5 per cent of BTP's pre-tax profits for the year ended March 31 1983.

DCNY Corp. Discount Corporation of New York

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CONSOLIDATED STATEMENT OF CONDITION December 31, 1983

Table with columns for ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY, and values in dollars. Total assets: \$639,236,883. Total liabilities and stockholders' equity: \$639,236,883.

Table of DIRECTORS listing names and titles: KENNETH S. AXELSON, JACK F. BENNETT, ROBERT H. BETHKE, JOHN C. BIERWIRTH, DONALD G. BRODIE, GEORGE CHAMPION, EMILIO G. COLLADO, DANIEL P. DAMSON, ANTHONY J. HANLON, JOHN A. LUKE, ROBERT A. MAES, SCOTT E. PARDEE, RALPH F. PETERS, JOHN J. SCANLON, W. BRUCE THOMAS.

OKOBANK advertisement with logo and text: U.S.\$50,000,000 Floating Rate Capital Notes Due 1992.

SUMITOMO HEAVY INDUSTRIES, LTD. advertisement with logo and text: U.S.\$30,000,000 Guaranteed Floating Rate Notes Due 1984.

YAMAICHI INTERNATIONAL [NEDERLAND] N.V. advertisement with logo and text: U.S.\$20,000,000 Floating Rate Certificates of Deposit Due 1987.

Handwritten signature or mark at the bottom center of the page.

COMPANY NOTICES

CANADAIR LIMITED
NOTICE OF A MEETING OF HOLDERS OF 15% GUARANTEED NOTES DUE MARCH 15, 1987
NOTICE IS HEREBY GIVEN that a meeting of the holders of 15% Guaranteed Notes (the "Notes") issued by Canadair Limited...

NOTICE FROM CANADIAN IMPERIAL BANK OF COMMERCE TRUST COMPANY AS FISCAL AGENT RELATING TO THE ISSUE OF U.S.\$175,000,000 12 1/2% GUARANTEED NOTES DUE 1989 BY CANADAIR LIMITED
NOTICE IS HEREBY GIVEN to the Noteholders that we have been advised by Canadair Limited ("Canadair") that:

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MURATA MANUFACTURING CO. LTD.
NOTICE IS HEREBY GIVEN that the EDRs issued by the Depository in respect of the shares of Murata Manufacturing Co. Ltd. are now available for delivery...

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MINEBEA CO. LTD.
We are pleased to confirm that copies of the Annual Report for the year ended December 31, 1983, are now available for delivery...

CLASSIFIED RATES
Table with columns for Single column, Per line, and 3 lines. Includes rates for Commercial & Industrial, Property, Residential Property, etc.

PERSONAL
LEARN GERMAN
in Germany, intensive Crash Courses for adults throughout the year.

UK COMPANY NEWS

IMI soars £10m and pays 4p total

SHARPLY IMPROVED results by its fluid power and drinks dispense interests enabled IMI to record further progress through the second six months and lift its pre-tax profits for the full 1983 year by £10m to £31.6m, an increase of 46 per cent.
The figures, struck after redundancy and reorganisation charges of £5.1m, also included a £1.6m profit (£340,000 loss) from the effect of fluctuations in the price of copper on the book value of unsold refined and wrought metal stocks...

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are means of funds and the sub-divisions shown below are based mainly on last year's results.
TODAY
Interims - Barazz Developments, F & C Eurotrust, London and Strathclyde Trust.
Finals - Brownmaker, Camella Investments, De Beers Consolidated Mines, Farmar, Garfunkel and Associates, Greenfields Leisure, Hongkong and Shanghai Banking, London and Scottish Mining Oil, Rotung Sasurama, Robinson Brothers (Hydro Green).

FUTURE DATES

Interims - Goodman Brothers, Mar 20
Finals - Balfour Beatty, Mar 22
Interims - Balfour Beatty, Mar 22
Finals - Balfour Beatty, Mar 22

Good start at Granada and rentals reach peak

A GOOD start to the current financial year has been made by Granada Group, and Mr Alex Bernstein, the chairman, told the annual meeting that profits in the first four months were significantly better than for the same period last year.
He added: "Unless there are any unexpected setbacks, we can look forward with some confidence to a successful year."
Apart from its main activity as a television contractor, Granada's other interests include property investment and development, bingo social clubs and cinemas, motorway services and music publishing.

Metalrax rises 24% to £2.04m

Pre-tax profits of Birmingham-based Metalrax Group, engineering concern, expanded by 24 per cent from £1.64m to £2.04m for 1983, with the second half contributing £1.2m, against £1.0m.
Turnover for the 12 months moved ahead to £24.54m, compared with £21.1m, a 16 per cent rise, while the dividend is effectively lifted from 2.09p to 2.27p with a final distribution of 1.9p. Also proposed is another one-for-10 scrip issue.

Yarrow upsurge at interim stage

AN UPSURGE in first half profits is reported by Yarrow, and the directors are confident that the subsidiaries can take advantage of improved trading conditions.
The interim dividend of 1.25p is being paid on a basis of 10 for 10, leaving a balance of £261,000, against £200,000. Earnings are shown to be 6.5p (12.6p) and the interim dividend is being held at 2.5p net per share. In 1982-83, a total payment of 9p was made from profits of £1.26m—these included £1.2m investment sales profits.

maritime engineering, construction and the manufacture of ticketing and fare collection systems.
Tax takes £144,000 (£33,000) and minorities nil (£3,000), leaving the net attributable balance at £261,000, against £200,000. Earnings are shown to be 6.5p (12.6p) and the interim dividend is being held at 2.5p net per share.

and expect those to be maintained in the second half. Automatic Revenue Controls has been slimmed down drastically, and the costs of this are included in the half-year figures. Parent company investment income was held.
There have been no further developments in the legal action before the European Commission of Human Rights concerning the inadequate compensation received for the company's former subsidiary Yarrow (Shipbuilders). The Commission's report is still awaited.

A & G Security improves 32% and tops up interim

A & G Security Electronics, which recently obtained a full Stock Exchange listing following a spell on the USM, pushed its pre-tax profits up to £457,000 for the six months ended January 31, 1984.
This was a 32 per cent increase over the £346,000 returned for the opening half of 1983/84 and was achieved on the back of a £276,000 rise in turnover to £1.91m.
The group's position in the market is now more broadly based and the directors are looking for another successful year overall. Meanwhile, they are stepping

Cifer profits eliminated by start-up costs

Costs associated with the opening of a plant at Cwmbran, South Wales, together with those of introducing a major new range of products will "eliminate profits" at Cifer in the first half of the current year.
However, Mr Oliver Newman, the chairman, says in his annual report that the board remains confident of a satisfactory result for the full year, following strong customer acceptance of Cifer's new products.
In the year to September 30 1983, reported last December, pre-tax profits expanded from £251,000 to £1.35m.

up the net interim dividend by 15 per cent to 0.96p (0.825p) per 5p share from half year earnings of 1.96p (1.64p) on a fully taxed basis. Last year a final dividend of 1.17p was paid from taxable profits of £746,594.

The group has continued to introduce new products and further new launches are planned during the current period. While further growth is expected from the research and development programme, the successful integration of the A & G and Carters of Burnley operations will leave the group well placed to benefit from further acquisitions.

Mr Bernstein said the cash flow from video recording and video rental was mitigating the group's capital requirements, so the heavy growth in borrowing of the last three years was no longer a feature of its business, and he expected loans to peak this year.
The group was watching, with keen interest, the technical and political developments in cable and direct broadcasting by satellite. Although it had not yet made any firm decision to invest in these forms of communication, it has some of its homework and was ready to move "at short notice."
In general, he said, the group was seeing signs of improvement in the world economy. He believed that, with one or two exceptions, all the companies within Granada would show an improvement over last year and contribute to a satisfactory overall result.
It had received "a substantial sum" for the successful "Jewel in the Crown" series, and it had also been sold to Australia, Canada and several countries in Europe. He expected to achieve world-wide sales for this programme. The company had also achieved excellent results in selling other programmes overseas.
As known, pre-tax profits fell from £47,06m to £43,46m in the 52 weeks to October 3, 1983. The group's subscription to Channel 4 increased from £5.7m to £15.6m, representing £3.9m after levy relief.

Advertisement for LTCB (Long-Term Credit Bank of Japan, Ltd.). Includes text: "Questions about long-term international business ventures? Project planning? Market research and analysis? Long-term/short-term financing? Bond issues? Capital? Foreign exchange? Call LTCB, the Long-Term Credit Bank of Japan. We're one of the world's leading international banks. We specialize in looking at business long term, so we can help you plan for long-term success. And our experienced staff knows international finance through and through. If you have questions, LTCB can find the answers." Includes LTCB logo and contact information.

Advertisement for DUBAI'S PORT AUTHORITY OF JEBEL ALI. Includes text: "We extend a chilly reception to delicate cargoes". "If precise temperature control is vital for your products in Middle East markets, Dubai's Port Jebel Ali is your ideal centre of operations." "You'll find superb cool and cold storage and refrigeration installations at this modern complex, the largest, purpose-built port in the Middle East." "Ample temperature and humidity-controlled warehousing is now supplemented by a new, 42,000 cu. m. cold store, only 30 metres from the quayside. And there are 216 refrigerated container points, with proven monitoring systems to ensure cargoes remain in perfect condition." "All this is in addition to 70,000 sq. m. of general warehousing and 750,000 sq. m. of paved open storage. With 15 km. of quay equipped with the most modern cargo handling equipment and communications networks, rapid handling and transshipping is assured." "When it comes to distribution Jebel Ali is unbeatable. Renowned shipping lines make Jebel Ali their regular port of call, excellent highways connect with all points in the Middle East, three international airports are nearby." "As this is a Free Trade Zone, tax and customs duty exemptions and freedom from exchange controls add to your profitability. The Industrial Zone, an integral part of the complex with the complete infrastructure of a modern city, has already attracted major companies who are using Jebel Ali as their Middle East storage and distribution centre." "Jebel Ali will certainly treat your delicate cargoes coolly, but you'll find your own reception most welcoming. For further information and advice, please contact Mr. Charles Heath, Director of Marketing." Includes DUBAI'S PORT AUTHORITY OF JEBEL ALI logo and contact information.

FINANCIAL TIMES

Tuesday March 13 1984

Two floating rate note issues total \$200m, Page 36

NEW YORK STOCK EXCHANGE 28-29 AMERICAN STOCK EXCHANGE 27-28 U.S. OVER-THE-COUNTER 28, 36 WORLD STOCK MARKETS 26 LONDON STOCK EXCHANGE 28-31 UNIT TRUSTS 32-33 COMMODITIES 34 CURRENCIES 35 INTERNATIONAL CAPITAL MARKETS 36

WALL STREET Nerves are partially overcome

WALL STREET'S stock markets turned sharply upwards yesterday afternoon when an analyst at a major brokerage house voiced the growing belief among the major institutions that both bond and stocks may have been oversold. The response from the investment institutions was restrained, and turnover in the market remained fairly modest. But leading stocks moved higher after Mr John Meldson of Dean Witter Reynolds said that he is bullish for both stocks and bonds, and that he expects the second leg of the bull market to start in this area.

was heightened when the key federal funds rate edged up from its opening rate of 9 1/4 per cent to 9 3/4 per cent, at which level the Federal Reserve helped the market with a further \$2.5bn in customer repurchase arrangements, making a total of \$12.5bn since the beginning of the month. The apparent inability of the Fed to hold rates down strengthens the argument that it may be about to change policy. The latest Fed statistics showed another substantial increase in bank lending to industry, although the total of \$22.37bn includes the large borrowings involved in the merger lever in the oil industry. Mobil, which remains the second largest U.S. oil group following its purchase of Superior Oil - with Exxon still by far the biggest - traded quietly at \$29 1/2, down 5/8 on Friday's close. Superior traded busily at \$39 1/4, a fall of 5/8 on overnight, and close enough to Mobil's offer of \$45 a share to suggest that the market expects the bid to escape any antitrust problems.

closed that it was buying out for \$52 a share the stake recently acquired by Sir James Goldsmith's group of investors. With further stock purchases ruled out under the repurchase agreement, St Regis dipped 3/4 to \$37 after a delayed trading start. One of the best sectors was the airlines, which continued to benefit from the expectation of flat oil prices and increased passenger traffic. AMR (American Airlines) put on 1 1/4 to \$34, Delta \$17 to \$35 1/2 and Northwest Air 5 1/4 to \$37 1/4. The credit market brightened a little at mid-session after Mr John Meldson, market strategist at brokers Dean Witter Reynolds, took a bullish view of both stock and bond markets. The long end of the bond market strengthened, with the key 2013 Treasury issue recovering to 97 1/2, showing a net gain of 1/2 and a yield of 12.28 per cent. The response at the shorter end was more hesitant and Treasury bill rates were little changed on the session at 9.35 per cent for the three-month and 9.50 per cent for the six-month bill. Turnover in the credit markets remained thin but there were some indications that negative factors have been slightly overstressed in recent sessions.

WEST GERMANY Timing may be right for risky plunge

ALBRECHT Count Matuschka could well take as his motto: "Risk capital - the true road to security." A few months ago he helped found West German's biggest venture capital fund to date. Ask him why he took the plunge in a country more famed for plodding, albeit effectively, down well-tried industrial paths than for risk taking, and he gives a passionate reply, writes Jonathan Carr in Frankfurt. He believes that the business climate is changing, that there is a growing readiness by younger people with a scientific background and good new ideas to cut loose from the system and "go independent." But the young potential entrepreneurs usually lack enough funds and knowhow to set themselves up in business or, having done that, to expand to make the best use of their skills.

for micro-electronics, data processing and molecular biology, and its own programmes to encourage small businesses. But neighbouring Bavaria is not far behind. It has made efforts to promote high technology, and fast-growth industrial sectors have emerged in the Munich-Augsburg area to the south and around Nuremberg and Erlangen to the north. Even if a new venture capital enterprise flourishes in this environment, it may still face a big disadvantage if it wants to go public after five or 10 years of strong growth. Many believe the West German stock market is tiny compared with its U.S. or British counterparts, with high entrance fees to put off all but the most persistent. After being pronounced to be in a state close to "rigor mortis" last year things started to change. West German stock prices surged by an average of nearly 40 per cent and there were 12 new entrants to the bourse. True, all world stock markets were enjoying a boom and few of the newcomers were really big enough to satisfy hungry investors. But the new year began with the decision of Nixdorf, the computer company, to come to the stock market at last and there are many more candidates waiting in the wings. That activity could just be the result of the economic upturn and, not least, of share purchasing by foreigners expecting a D-Mark revaluation before long. But the upswing has been accompanied by a long and complex debate about how the structure of the stock market could itself be changed to encourage more entrants. The market at present has three parts, the officially listed stocks, the over-the-counter market (so-called "Geldmarkt" and "Telefonmarkt") and the largely uncontrolled free market ("Telefonmarkt"). The most likely solution to the debate is that over-the-counter trading will be extended to form a parallel market attracting more small and medium-sized companies. Such a market might be introduced next year - and thus be available when Count Matuschka's first successful candidates spread their wings.

The lack of trading interest seen in Amsterdam last week carried over to yesterday despite the end of the early spring holiday. Also proved a feature, however, with its sharp rise in 1983 profits and more than doubled dividend. The shares lost F1 6.80 to F1 100.20 as it also announced a one-for-10 rights issue. Brewer Heineken shed F1 8.50 to F1 124.50 after the 29.5 per cent advance in 1983 profits, announced on Friday, proved to be below market expectations. Bonds were stable in slow trading. Paris was easier with foods, constructions and rubbers leading the slide. Club Méditerranée added FF 7 to FF 818 following its announcement of improved consolidated profits and turnover for the year to October. Meanwhile, the interest rate on 18-month Treasury bills was set at 11 1/4 per cent at the Bank of France's tender for FF 1.705bn worth, compared with 12 1/4 per cent on December 12. Shares were mixed in Brussels as the market awaited details of government measures to reduce the budget deficit through an austerity drive. However, market leader Petrofina added BFr 40 to BFr 7,130 while among financial holding companies, Groupe Bruxelles Lambert rose BFr 30 to BFr 2,435, Société Générale de Belgique slipped BFr 10 to BFr 1,750 and Sofina was unchanged at BFr 3,730. Banks were sharply lower in Zurich, with the decline attributed by some to a socialist party proposal to ease banking secrecy laws. Union Bank fell SwFr 65 to SwFr 3,325 while Credit Suisse and Swiss Volksbank each shed SwFr 20 to SwFr 2,280 and SwFr 1,450 respectively. Bank Leu fell SwFr 140 to SwFr 2,550, ex its SwFr 80 dividend. Swiss bonds were mixed to lower with dual currency bonds depressed by the higher dollar. Little movement was seen in very thin Stockholm trading. However, Ericsson shed SKr 5 to SKr 348, despite last week's announcement of improved 1983 profits. Electrolux held steady at SKr 287 as the home appliance maker announced it was closing its unprofitable Italian operations but at the same time was discussing a possible involvement in Italy's Industrie Zanussi. Shares were slightly lower in Milan amid concern over relations between the trade unions and the Government over plans to reduce the indexed wage escalator.

LONDON Pre-budget rate hopes aid record

REVIVED optimism over interest rates took London equities to all-time peaks yesterday and encouraged a fresh advance in gilt-edged securities ahead of the UK budget today. Equity demand was selective, but the session closed with the FT Industrial Ordinary index up 3.2 at a record 844.1. This was achieved despite dullness in constituent TI which reacted 12p to 26p as takeover speculation faded. Glaxo, by contrast, jumped 25p to 830p. The FT-SE 100-share index improved 3.5 to 1,063.5. Retail banks found it difficult to make headway after last week's successful dividend season. Government stocks had gains of 1/2 or more, while several recent build-up issues flared into prominence. Details, Page 29; Share information service, Pages 30-31.

HONG KONG THE PRIME rate cut by Hong Kong banks at the weekend fuelled good initial demand, notably from smaller local investors, and took the Hang Seng index above 1,100 for a while. But profit-taking set in immediately as this level triggered enough institutional selling to leave the index 6.86 lower at 1,087.74. The banks themselves were more badly affected than most, with Hang Seng Bank off 75 cents at HK\$45 after Friday's profit figures, and Bank of East Asia - out of favour recently - down HK\$1.20 at HK\$28.30 against a 1983-4 high of HK\$35.25. Hongkong and Shanghai Bank, with results due today, held at HK\$8.95.

VERY THIN dealings characterised a lack of Singapore buying enthusiasm, and the Straits Times industrial index drifted 9 points lower to 1,012.21. With declines ahead of advances by eight to one, volume leader Multi-Purpose shed 2 cents at S\$2.08, Malaysian Cement 15 cents at S\$8.75 and United Overseas Bank 10 cents to S\$5.45. Malayan United Industries, fairly actively dealt, managed a 2 cent rise to S\$2.85.

TRADING levels were reduced markedly by a Melbourne holiday and an absence of involvement from abroad in Sydney, where the All Ordinaries index edged down just 0.2 to 719.1. Although BEP slipped 5 cents to AS12.90 ex-rights, the rights themselves formed that amount at AS3.50 and some late interest in mining issues added 7 cents to MIM at AS3.35 and 5 cents to Bougainville at AS2.50. Retailer Myer put on 8 cents to AS1.90.

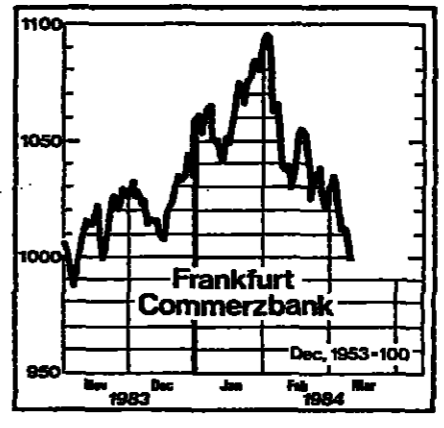
GOLD shares retreated in Johannesburg in line with bullion, but a particular focus of weakness was Harmony, off R1 at R29 on its plan to curtail uranium production. Of the gold majors, Hartbeest was R4 lower at R101 while Amgold shed R1 at R155.50. De Beers - ahead of results due today - steadied at R10.75. A profit setback at Messina, South Africa's Nissan car franchise holder, prompted a 30 cent fall to R5.35 after dipping 25 cents on Friday.

CONTINUED losses in the gold sector and emerging weakness in properties and oils took shares lower overall in Toronto. Metals, media and papers, however, resisted the trend with modest advances. In Montreal, an easier tone was evident among utilities, banks and papers, although industrials held a small advance.

EUROPE Frankfurt slide sets in afresh

THE SLIDE in share values which slowed in Frankfurt on Friday, resumed apace as the market opened for the week yesterday and the Commerzbank index dipped below the psychologically important 1,000 level for the first time in more than four months. The measure, calculated at mid-session, fell 12.3 to 988.8 - its lowest since November 7 and 97.7 below the high achieved on February 2. Activity in a generally thin market was dominated by professional traders who sought to reduce portfolios after absorbing much of last week's selling pressure. Against the background of token strikes by trade unions, in support of their claim for a shorter working week, foreign investors joined in with sales of their own.

The so-called investment mood continued to be attributed to Wall Street's uncertainty, the dollar's renewed advance and the outlook for U.S. interest rates. Motor manufacturers were again among the hardest hit with Daimler down DM 4.80 to DM 553.20, after a low of DM 551.50. BMW fell DM 5.50 to DM 395.50 and VW DM 2 to DM 204. Tyre-maker Conti Gummi, which signed a co-operation agreement for the exchange of information with Toyota - majority owned by Toyota and Japan's largest spare parts supplier - held its decline to DM 220 at DM 130. Electricals were easier, with Siemens off DM 1.50 to DM 394, after a low of DM 391.50, and AEG shed DM 2 to DM 99.30 following confirmation that Thomson of France was taking full control of its former subsidiary, Telefunken. Elsewhere, Klöckner-Werke fell DM 2.30 to DM 63.50 following the announcement that CRA of Australia had taken a major stake in its Bavarian subsidiary. Bond prices were lower against the background of the rising dollar and climbing U.S. interest rates. The Bundesbank bought DM 65.3m of paper to balance the market, compared with Friday's low level of purchases totalling DM 4.6m. Banks were active in reducing their portfolios.



TOKYO Buying of banks leads revival

REVIVED buying of bank stocks sent Tokyo's Nikkei-Dow market average above the 10,000 level yesterday for the first time in three sessions as last week's correction mood faded away, writes Shigeo Nishiwaki of Jiji Press. Stocks of companies expected to earn higher profits were also bought selectively. The Nikkei-Dow climbed sharply by 89.32 points to 10,088.54. Set against the strong price advance, however, trading volume was slow at 272.63m shares compared with last Friday's 269.06m. Foreign buying of shares in each of the high-ranking city banks averaged about 1m shares, and domestic private investors followed suit. Sumitomo Bank added Y71 to Y1,020 to become the first to top the Y1,000 mark among bank issues with a face value of Y50. Fuji Bank put on Y71 to Y944 and Mitsubishi Bank Y76 to Y930. Many bank issues touched all-time highs. Trust bank issues were sought in sympathy, with Sumitomo Trust and Banking gaining Y80 to Y400 and Yasuda Trust and Banking Y30 to Y370. Active buying of shares in non-life insurance and securities companies was also in evidence. Tokio Marine and Fire Insurance gained Y16 to Y548 and Sumitomo Marine and Fire Y25 to Y233. Nomura Securities firmed Y49 to Y780 and Daiwa Securities Y27 to Y504. The consensus among large securities houses was that the performances of financial institutions in the face of progressive financial innovation were being reflected in stock prices. Issues reporting good business results also attracted buyers. Mitsubishi Metal rose Y20 to Y588, drawing strength from reports that the company will earn a recurrent profit of close to Y8bn in the accounting year ending in March 1985. Toyo Soda climbed Y20 to Y285 on expectations of a sharp recovery in operating results for the fiscal year ending this March. Elsewhere, pharmaceuticals and those issues involved in Japan's planned Information Network System were also in demand. But oil shares eased across a broad front on the yen's slide. The bond market paused for breath in the face of the yen's decline with investors generally sitting on the sidelines. The yield on the benchmark 7.5 per cent long-term government bond, due January 1993, rose to 7.295 per cent from last Friday's 7.285 per cent. But the market retained a firm tone as financial institutions, especially city banks, were attracted to bonds when the yield hovered around 7.30 per cent.

KEY MARKET MONITORS. Includes Standard & Poors 500, Dow Jones Industrial Average, FT Industrial Ordinary Index, and various stock market indices and commodity prices.

Vertical text on the left side of the page containing various advertisements and notices such as 'WALL STREET', 'LONDON', 'EUROPE', 'TOKYO', and 'SOUTH AFRICA'.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div. Yld. %	P/E	Stk	100s High	Low	Open	Close	Change	12 Month High	Low	Stock	Div. Yld. %	P/E	Stk	100s High	Low	Open	Close	Change	12 Month High	Low	Stock	Div. Yld. %	P/E	Stk	100s High	Low	Open	Close	Change
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Kidder, Peabody Securities
 Limited
 Market Makers in Euro-Securities

An affiliate of
Kidder, Peabody & Co.
 Incorporated
 Founded 1865

New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

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Continued on Page 27

Monday, March 13, 1984

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of American stock exchange closing prices with columns for stock names, prices, and volume. Includes sub-sections like 'Continued from Page 26' and 'Continued on Page 28'.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices with columns for stock names, prices, and volume. Includes sub-sections like 'Continued from Page 26' and 'Continued on Page 28'.

Notes: Sales figures are unofficial... Dividend data... and other financial details regarding the listed stocks.

WORLD STOCK MARKETS

CANADA

Table of Canadian stock market closing prices for Mar 12, listing various companies and their price changes.

DENMARK

Table of Danish stock market closing prices for Mar 12, listing companies like Aarhus Olie and Borsen.

FRANCE

Table of French stock market closing prices for Mar 12, listing companies like Bouygues and Elf.

GERMANY

Table of German stock market closing prices for Mar 12, listing companies like AEG-Telefunken and Allianz.

NETHERLANDS

Table of Dutch stock market closing prices for Mar 12, listing companies like ACP Holding and Alkermid.

NORWAY

Table of Norwegian stock market closing prices for Mar 12, listing companies like Bergens Bank and Christiania B.

SPAIN

Table of Spanish stock market closing prices for Mar 12, listing companies like Banco Bilbao and Banco de Vizcaya.

AUSTRALIA

Table of Australian stock market closing prices for Mar 12, listing companies like AMZ Group and Alkermid.

HONG KONG

Table of Hong Kong stock market closing prices for Mar 12, listing companies like Bank East Asia and Cheung Kong.

JAPAN

Table of Japanese stock market closing prices for Mar 12, listing companies like Aisan Electric and Amada.

NETHERLANDS

Table of Dutch stock market closing prices for Mar 12, listing companies like ACP Holding and Alkermid.

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Table of Norwegian stock market closing prices for Mar 12, listing companies like Bergens Bank and Christiania B.

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SPAIN

Table of Spanish stock market closing prices for Mar 12, listing companies like Banco Bilbao and Banco de Vizcaya.

OVER-THE-COUNTER Nasdaq National Market closing prices

Large table of over-the-counter and Nasdaq National Market closing prices, listing various companies and their prices.

AUSTRIA

Table of Austrian stock market closing prices for Mar 12, listing companies like Creditanstalt and Erste Bank.

GERMANY

Table of German stock market closing prices for Mar 12, listing companies like AEG-Telefunken and Allianz.

NETHERLANDS

Table of Dutch stock market closing prices for Mar 12, listing companies like ACP Holding and Alkermid.

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AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American Stock Exchange closing prices for Mar 12, listing various US companies.

NEW YORK STOCK EXCHANGE CLOSING PRICES

Table of New York Stock Exchange closing prices for Mar 12, listing various US companies.

Indices

Table of various stock indices for Mar 12, including Dow Jones and Standard & Poors.

NEW YORK CLOSING PRICES

Table of New York closing prices for Mar 12, listing various US companies.

WORLD ECONOMIC INDICATORS

Table of world economic indicators for Mar 12, including GDP, inflation, and interest rates.

LONDON STOCK EXCHANGE

Cheaper money optimism pushes equities to records Gilt-edged stocks also higher

Account Dealing Dates

First Declares Last Account Dealing Date... Mar 27 Mar 28 Mar 29 Mar 30 Mar 31 Apr 1 Apr 2 Apr 3 Apr 4 Apr 5 Apr 6 Apr 7 Apr 8 Apr 9 Apr 10 Apr 11 Apr 12 Apr 13 Apr 14 Apr 15 Apr 16 Apr 17 Apr 18 Apr 19 Apr 20 Apr 21 Apr 22 Apr 23 Apr 24 Apr 25 Apr 26 Apr 27 Apr 28 Apr 29 Apr 30 May 1 May 2 May 3 May 4 May 5 May 6 May 7 May 8 May 9 May 10 May 11 May 12 May 13 May 14 May 15 May 16 May 17 May 18 May 19 May 20 May 21 May 22 May 23 May 24 May 25 May 26 May 27 May 28 May 29 May 30 May 31 Jun 1 Jun 2 Jun 3 Jun 4 Jun 5 Jun 6 Jun 7 Jun 8 Jun 9 Jun 10 Jun 11 Jun 12 Jun 13 Jun 14 Jun 15 Jun 16 Jun 17 Jun 18 Jun 19 Jun 20 Jun 21 Jun 22 Jun 23 Jun 24 Jun 25 Jun 26 Jun 27 Jun 28 Jun 29 Jun 30 Jul 1 Jul 2 Jul 3 Jul 4 Jul 5 Jul 6 Jul 7 Jul 8 Jul 9 Jul 10 Jul 11 Jul 12 Jul 13 Jul 14 Jul 15 Jul 16 Jul 17 Jul 18 Jul 19 Jul 20 Jul 21 Jul 22 Jul 23 Jul 24 Jul 25 Jul 26 Jul 27 Jul 28 Jul 29 Jul 30 Aug 1 Aug 2 Aug 3 Aug 4 Aug 5 Aug 6 Aug 7 Aug 8 Aug 9 Aug 10 Aug 11 Aug 12 Aug 13 Aug 14 Aug 15 Aug 16 Aug 17 Aug 18 Aug 19 Aug 20 Aug 21 Aug 22 Aug 23 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however, finished 3 cheaper at 445p; the preliminary results are scheduled for March 21. A rising market last week on rumours of a U.S. bid, Hagg Robinson improved from 205 to 210 up an ounce at 185 on the late announcement that Mills and Allen owns a near-10 per cent stake in the Lloyds Broker. Elsewhere, Hagg reflected bid hopes with a gain of 4 to 146p, but C. E. Heath eased 3 to 325p.

FINANCIAL TIMES STOCK INDICES Table with columns for March 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, Year ago

HIGHS AND LOWS S.E. ACTIVITY Table with columns for 1983/84, Since Completion, March 9, March 8

Rawley Group remained overshadowed by last week's rights announcement and eased a couple of pence more to 84p. Adam Leisure, a dull market since the chairman's profits warning met with reserved support and rose 10 to 50p.

1983-84 peaks to show falls of around a point, although Vaal Reef's were particularly dull, down 11 at 194, while President Brand gave up 21 at 231.

Similarly subdued conditions prevailed among Financials. Charter hardened a couple of pence to 377p, but Consolidated Gold Fields fell to 500p before settling only 21 lower on balance at 566p 40, Hampton Angus firmed 5 to 235p. Among South Africans, De Beers traded quietly in front of today's preliminary results, ending a couple of pence cheaper at 614p.

EQUITIES

Table of equity prices with columns for Issue, Amount, Price, High, Low, Stock, Change

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue, Amount, Price, High, Low, Stock, Change

"RIGHTS" OFFERS

Table of rights offers with columns for Issue, Amount, Price, High, Low, Stock, Change

FT-SE 100 INDEX

Table of FT-SE 100 index with columns for Close, High, Low, Change

Harmony closes a uranium plant

BECAUSE OF the depressed state of the uranium market the Barlow Rand group's Harmony plant in the southern part of South Africa is to cease production at its Merriespruit uranium plant which provides 28 per cent of the mine's output of the nuclear material.

City and Foreign

Net asset value of City and Foreign Investment Trust rose from 111.86p to 145.75p per share for 1983.

ACTIVE STOCKS

Table of active stocks with columns for Stock, Price, Change

NEW HIGHS AND LOWS FOR 1983/4

Table of new highs and lows for 1983/4 with columns for Stock, High, Low

FRIDAY'S ACTIVE STOCKS

Table of Friday's active stocks with columns for Stock, Price, Change

RISES AND FALLS YESTERDAY

Table of rises and falls yesterday with columns for Stock, Change

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Equity Groups, Fixed Interest, Average Gross Redemption Yields

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange with columns for Series, Vol., Last, Stock

LONDON TRADED OPTIONS

Table of London Traded Options with columns for Option, Calls, Puts

Yield, High and low record, base data, values and movement changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bank House, Cannon Street, London, EC4A 3DF, price 15p, by post 20p

FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

John Ford + Co Industrial values

BRITISH FUNDS table with columns for Fund Name, Shares, Price, and % Change

Five to Fifteen Years table showing performance metrics for various funds

Over Fifteen Years table showing performance metrics for various funds

Undated table with financial data points

Index-Linked table with index-linked fund data

INT. BANK AND OSEAS GOVT. STERLING ISSUES table

CORPORATION LOANS table

COMMONWEALTH AND AFRICAN LOANS table

LOANS table

Public Board and Ind. Financial table

FOREIGN BONDS & RAILS table

AMERICANS table listing American stocks and their prices

CANADIANS table listing Canadian stocks and their prices

BANKS, H.P. AND LEASING table

Hire Purchase, Leasing, etc. table

BEERS, WINES AND SPIRITS table

BUILDING INDUSTRY, TIMBER AND ROADS table

CHEMICALS, PLASTICS table

DRAPERY AND STORES table

AMERICAN table listing American stocks (continued)

DRAPERY—Continued table

ELECTRICALS table

DRAPERY AND STORES table (continued)

AMERICAN table listing American stocks (continued)

ENGINEERING—Continued table

FOOD, GROCERIES, ETC. table

ENGINEERING table

AMERICAN table listing American stocks (continued)

HOTELS table

INDUSTRIALS (Miscel.) table

AMERICAN table listing American stocks (continued)

HOTELS AND CATERERS table

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INDUSTRIALS—Continued

Table of Industrial stocks including companies like Anglo-Siam, Anglo-Siam Petroleum, Anglo-Siam Shipping, etc., with columns for stock name, price, and change.

LEISURE—Continued

Table of Leisure stocks including Leisure, Leisure Properties, Leisure Investments, etc.

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

SHIPPING

SOLES AND LEATHER

SOUTH AFRICANS

TEXILES

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

TOBACCO

TRUSTS, FINANCE, LAND

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

Table of Property stocks including Alton, Alton Investments, Alton Properties, etc.

INVESTMENT TRUSTS—Cont.

Table of Investment Trusts including Alton Investment Trust, Alton Property Trust, etc.

OIL AND GAS—Continued

Table of Oil and Gas stocks including Anglo-Siam Petroleum, Anglo-Siam Shipping, etc.

NOMURA INTERNATIONAL LIMITED NEW-ERA INVESTMENT AND UNDERWRITING OFFICES WORLDWIDE 3 GRACEFIELD STREET EC3V 9AD Telephone (01) 285 8811

MINES—continued

Table of Mines stocks including Anglo-Siam Mines, Anglo-Siam Petroleum, etc.

Vertical text on the far left margin.

Notes and regional stock information at the bottom right.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgmt. Co., Alliance Unit Tr. Mgmt. Co., and others, with columns for name, address, and contact information.

Table listing various unit trusts such as British Equities, British Shares, and others, with columns for name, address, and contact information.

FT UNIT TRUST INFORMATION SERVICE

Large table listing numerous unit trusts including Crown Life, General, Legal & General, and many others, with columns for name, address, and contact information.

Table listing various unit trusts such as Sun Life, Sun Life, and others, with columns for name, address, and contact information.

INSURANCES—Continued

Table listing insurance companies and their products, including Albery Life Assurance Co Ltd, Allianz, and others.

FT CROSSWORD PUZZLE No. 5,365

Crossword puzzle grid with clues for Across and Down words.

Solution to Puzzle No. 5,364

Solution to the crossword puzzle, showing the filled-in grid and the corresponding words.

Offshore & Overseas—continued

Table listing offshore and overseas financial services, including investment funds and insurance companies.

Money Market Trust Funds

Table listing money market trust funds, including various investment vehicles and their performance metrics.

Money Market Bank Accounts

Table listing money market bank accounts, including various financial institutions and their services.

Handwritten signature or note at the bottom right of the page.

March 13 1984
Financial Times Tuesday March 13 1984
Money Market
Money Market

INSURANCE & OVERSEAS MANAGED FUNDS

Main table containing financial data for various insurance and overseas managed funds, including fund names, managers, and performance metrics.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including fund names, managers, and performance metrics.

NOTES
Prices are in pence unless otherwise indicated and these are based on 5 pence per share in U.S. dollars. Yield % figures are based on the price of the fund at the time of the issue. A dividend is paid quarterly on the 15th day of each month. The fund is open for subscription and redemption on all business days. The fund is subject to the provisions of the Companies Act 1980. The fund is not a company and does not have a share capital. The fund is not a public company and does not have a share capital. The fund is not a public company and does not have a share capital.

COMMODITIES AND AGRICULTURE

Further fall in copper stocks boosts market

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose in active trading conditions on the London Metal Exchange yesterday following another sharp fall in stocks. The higher grade three months quotation closed \$75.75 up at \$1,028.25 a tonne.

Legal documents clearing the way for the building of head-quarters and laboratories for the International Tin Research Institute were formally handed over yesterday at the Brunel University Science Park, Uxbridge.

Its base selling price by 2 cents to 72 cents a pound, effective immediately last night.

218,075 tonnes in October last year. Zinc values, however, failed to respond to a stocks fall of 4,800 reducing total warehouse holdings to a lowly 66,850 tonnes.

Surprisingly, in view of the stocks decline, cash zinc lost \$11.50 to \$716.

Compromise on palm oil futures agreed

BY OUR COMMODITIES EDITOR

THE KUALA LUMPUR Commodities Clearing House (KLCH) has bowed to pressure and agreed to register a sale of 761 lots of palm oil futures which it refused to accept two weeks ago.

The decision came after talks over the weekend with Mr Paul Leong, Malaysian Minister of Primary Industries, and Tun Ibrahim Ismail, Minister of Agriculture and Fisheries.

It was the refusal of the KLCH to register contracts of 25 tonnes each, worth an estimated \$50 million, that sparked off a crisis of confidence in the market and sent turnover plunging to the lowest levels for many months, as traders held off from dealing.

The Clearing House refused to register the contracts, due to a dispute as to whether the sale had been authorised, was sharply criticised by traders.

The Palm Oil Refiners Association accused the Clearing House of running away from the unpleasant duty of enforcing the deals.

A considerable degree of uncertainty remains on the trading floor, traders reported yesterday.

Some traders fear that the KLCH might introduce emergency regulations under the Commodities Trading Act.

Some traders fear that the KLCH might introduce emergency regulations under the Commodities Trading Act, limiting or limiting trading, directing any open contracts to be settled at prices determined by the KLCH.

To try to curb excessive speculation and to prevent further disputes from arising, the Clearing House is insisting on prompt payments of deposits and the introduction of a daily checklist on the previous day's trade.

Contracts will only be registered after confirmation of this checklist by both buyers and sellers.

UK farmers accused of hoarding potatoes

Financial Times Reporter

UK FARMERS have been accused of hoarding potatoes in the hope that the price will rise. McCain Foods put 400 workers on short-time yesterday at its frozen chip factory at Whittlesey, Cambridgeshire, because, it said, it could not get sufficient potatoes at the right price to maintain full production.

The company is believed to be paying £160 a tonne at the moment, but prices are expected to reach £200 a tonne. "It is not profitable for us to pay more than £160 a tonne, so we are sticking to a four-day week," the company said.

Mr John Hoyle, chairman of the National Farmers' Union's potato committee, said: "Farmers are businessmen and if they think the price will rise, then they will keep stocks back."

WORLD SUGAR prices rallied sharply following the recent fall in the price of oil. The London daily raws price was fixed at \$14.50 a tonne.

Japanese wool purchases rose to 159,922 bales of 160 kilos in February, up from 136.5 per cent in January and 15.1 per cent from February 1983.

TALKS aimed at negotiating a new International Cocoa Agreement started in London yesterday.

The preparatory talks, attended by leading cocoa exporters and importing countries are aimed at preparing the way for a full negotiating conference planned to be held in Geneva from May 7 to 25. The current pact expires at the end of this year.

Questioning the quality of Britain's beef

BUTCHERS' claims that a decline in the quality of cattle produced in Britain over recent years has been partly responsible for a slump in beef sales are supported by the findings of a study by the UK Meat and Livestock Commission (MLC).

Richard Mooney on evidence of a decline in cattle standards

The MLC study confirmed that consumers were able to discern significant differences in quality between meat from animals produced primarily for the dairy industry and those produced specifically for beef.

The beef trade has been concerned, however, not simply about the increasing dominance of the dairy herd but also the greater concentration in the

dairy industry on 'cattle' with high milk yields but poor meat producing qualities.

The difference highlighted by our work is, we consider, large enough to be important in the market," said Mr Geoffrey Harrington, MLC's director of planning and development.

Participants generally expressed a preference for the Aberdeen-Angus beef animals and Friesian/Holstein breeds, which are becoming increasingly popular in the dairy industry.

response compared with 58 per cent for the Friesian/Holstein beef.

But one thing to emerge from our study is that beef wins a high degree of approval from consumers. This confirms the good quality ratings which British beef achieves in our Meat Promotion Executive's survey into consumer attitudes.

The butchers, however, were concerned that consumer approval of beef quality did not seem to be strong enough to support its high price relative to other meats.

British beef consumption has sagged since reaching a post-war peak in 1979 of 22.5 kilos per person per year, to 18.3 kilos in 1982, the last year for which figures are available. Over the same period poultry meat consumption rose from 13.3 kilos to 14.4 kilos per person per year and small fishes were also increased for pork and lamb.

MLC did not make any specific recommendations but stressed that proper handling of meat from farm to shop was essential to ensure quality.

Mr Harrington said it was up to producers and retailers to decide whether consumer perception of beef quality was sufficient to justify the extra expense involved in tighter quality control to reduce variations in identification of beef in different categories so that consumers knew what they were buying.

India tightens controls on tea exports

By P. C. Mahanti in Calcutta

INDIA HAS tightened up controls on tea exports privately owned the auctions. Under new regulations, all export contracts entered into from March 8 have to be registered with the Indian Tea Board.

The new system is believed to be aimed at preventing private exporters of tea "under invoicing" prices deliberately as a means of transferring profits outside the country.

Our Commodities Staff writes: Prices were again little changed in London weekly tea auctions yesterday.

Indicative quotations for quality and low medium quality teas were unchanged at 302p and 224p a kilo respectively.

N. Zealand meat workers threaten national strike

NEW ZEALAND'S powerful meat workers union, whose members process all export lamb for Britain and other markets, has threatened a national strike from next Monday unless the Government agrees to a general wage increase for all workers.

New Zealand's price freeze ended on March 1 but the general wage freeze has continued. The Government and Federation of Labour have continued discussions on how wages will be negotiated at the end of the freeze.

In theory the freeze will end in April. However, that will mean unions will have the right to negotiate an unlimited wage increase.

Robert Muldoon, the Prime Minister, said that any wage increase should not exceed 3 or 4 per cent.

The Government and Federation of Labour met Sir Robert

Jamaica urges U.S. bauxite group to stay

By Carolyn James in Kingston

THE JAMAICAN Government is urging the U.S. bauxite group to stay on the island.

The company announced last week that it was terminating its operations, which has a capacity of 2m tonnes a year.

Mr Hugh Bart, the Jamaican Mining Minister, said proposals had been made to the parent company to allow it to continue the operations of the mine.

The company's decision came when Jamaica, the world's third largest bauxite producer, was participating in an increase in output later this year.

PRICE CHANGES

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include Metals (Aluminum, Copper, Tin), Grain (Wheat, Corn), and other commodities.

BRITISH COMMODITY PRICES

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include Base Metals (Copper, Tin), Silver, Cocoa, Coffee, and other commodities.

AMERICAN MARKETS

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include New York (Aluminum, Copper, Tin), Chicago (Live Cattle, Pork Bellies), and other commodities.

INDICES

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include Financial Times, Reuters, Moody's, and Dow Jones.

LONDON OIL

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include Arabian Light, Iranian Heavy, and other oil grades.

GAS OIL FUTURES

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include U.S. Gas Oil, and other gas oil futures.

SPOT PRICES

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include Crude Oil, Petroleum Products, and other spot prices.

CRUDE OIL FUTURES

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include U.S. Crude Oil, and other crude oil futures.

GOLD MARKETS

Gold fell \$4 an ounce from Friday's close in the London bullion market yesterday to finish at \$397.38. The metal opened at \$396.94 and traded between a high of \$398.39 and a low of \$395.36.

LONDON FUTURES

Table with columns for Mar. 1984, Mar. 1983, and Month ago. Rows include Gold, Silver, and other London futures.

COFFEE

Despite early commission house trading, trade and dealer selling continued to be brisk. The market opened at 112.00 (111.80) for March 9.

GRAINS

Business done—Wheat: March 125.00 only, May 128.50-127.70, July 130.25-129.50, Sept 130.00-129.25.

ALUMINIUM

Aluminium—Morning: Three months \$230.00, six months \$230.00, nine months \$230.00.

NICKEL

Nickel—Morning: Cash \$230.00, three months \$230.00, six months \$230.00.

WOOL FUTURES

WOOL FUTURES—New Zealand Cross-Breeds: Close (N) order buyer, seller.

LIVESTOCK

LIVESTOCK—Spot and shipment sales.

EUROPEAN MARKETS

ROTTERDAM, March 12. Wheat—(U.S. \$ per tonne): U.S. Two Soft Red Winter April 183.50, May 184.00.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

FINANCIAL FUTURES

Dollar and pound firm

The dollar showed a firmer trend on the foreign exchanges yesterday, rising above the chart sensitive point of DM 2.30, and... The pound edged up to a new...

FFr 8.02 from FFr 7.9525 against the French franc; SFr 2.1550 from SFr 2.1385 against the Swiss franc; and Y225.10 from Y224.00 against the Japanese yen.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.8625. February average 1.6469. Trade-weighted index 127.6 against 126.0 at previous close, and 64.3 six months ago.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries like Belgium, Denmark, Greece, etc., with columns for currency, rate, and change.

THE POUND SPOT AND FORWARD

Table showing the Pound Spot and Forward rates for various terms and dates, including a section for 'OTHER CURRENCIES'.

THE DOLLAR SPOT AND FORWARD

Table showing the Dollar Spot and Forward rates for various terms and dates, including a section for 'CURRENCY MOVEMENTS'.

CURRENCY RATES

Table showing various currency rates for countries like Argentina, Australia, Canada, etc., with columns for currency and rate.

OTHER CURRENCIES

Table listing other currencies such as Argentine peso, Australian dollar, Canadian dollar, etc., with their respective rates.

CURRENCY MOVEMENTS

Table showing currency movements and changes for various currencies, including a section for 'CURRENCY RATES'.

CURRENCY RATES

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EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies, including a section for 'EURO CURRENCY INTEREST RATES'.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various terms and currencies, including a section for 'MONEY MARKETS'.

MONEY MARKETS

Table showing money market rates for various currencies, including a section for 'LONDON MONETARY RATES'.

LONDON MONETARY RATES

Table showing London monetary rates for various currencies, including a section for 'DISCOUNT HOUSES DEPOSIT AND BILL RATES'.

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Table showing discount houses deposit and bill rates for various currencies, including a section for 'MONEY RATES'.

MONEY RATES

Table showing money rates for various currencies, including a section for 'NEW YORK (Lunchtime)'.

NEW YORK (Lunchtime)

Table showing New York money rates at lunchtime for various currencies, including a section for 'TREASURY BONDS'.

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COMPANY NOTICES

HARMONY GOLD MINING COMPANY LIMITED advertisement, including a logo and text about uranium production and company details.

JON THE CRUSADE AGAINST CHEST, HEART & STROKE ILLNESSES advertisement, including a logo and text about health benefits.

ART GALLERIES advertisement, including a logo and text about art exhibitions and gallery information.

Quiet trading

Euro-dollar prices finished higher than Friday's levels but down from the day's highs in the London International Financial Futures Exchange market.

Short sterling values opened slightly weaker but tended to improve ahead of today's UK Budget. The market remained hopeful that the Bank of England would reduce its money market intervention rates in order to encourage a cut to 8 1/2 per cent in clearing bank base rates.

LONDON

Table showing London market data for three-month Eurodollar and three-month sterling deposit, including columns for currency, rate, and change.

CHICAGO

Table showing Chicago market data for U.S. Treasury Bonds and U.S. Treasury Bills, including columns for currency, rate, and change.

STERLING

Table showing Sterling market data for various terms and currencies, including a section for 'EURO CURRENCY INTEREST RATES'.

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WORLD VALUE OF THE POUND

Large table showing the world value of the pound in various currencies, including columns for country, currency, and value.

INTERNATIONAL CAPITAL MARKETS

Two FRNs for \$100m launched

By Mary Ann Stegahrt in London

TWO Eurodollar floating rate notes were launched into an already over-burdened market yesterday. Austrianische Länderbank and Fiat are raising \$100m each.

O.L.B., which is 60 per cent state-owned, issued a 15-year note with a put option for investors after 11 years. It pays 1/2 per cent over the mean of the six-month London inter-bank bid and offered rates at par and is led by Credit Suisse First Boston and S. G. Warburg.

The issue came out too late in the day for a price to be made but dealers pointed out that Pirelli's deal, launched on similar terms but with almost double the fees, was standing yesterday at just over 97.

Sumitomo Construction has joined the crowd of Japanese borrowers in the equity warrant market with a \$20m, five-year deal priced at par. The deal will be priced on Friday, but Nikko Securities, the lead-manager, expects the coupon to be around 7 1/2 per cent, reflecting the current saturation of that market.

American Hospital Supply is raising \$50m through a EuroCanadian bond paying 12 1/2 per cent at par. Wood Gundy is leading the deal, which has call and put options at the fifth year, at which time the coupon will be reset. It traded at a discount of about 1 1/2 per cent, outside its selling concession.

GTE, the U.S. telecommunications company, has become the first U.S. company to tap the Euro bond market with a \$200m, eight-year bond paying 10 1/2 per cent at par.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 12.

Table with columns: U.S. DOLLAR, STAMENTS, Issued, Bid, Offer, Change, Yield, and various bond details including issuer, amount, and price.

Crédit National

ECU 50,000,000

11 1/2 per cent. Guaranteed Notes due 1991

Unconditionally guaranteed by the Republic of France

Crédit Lyonnais Banque Bruxelles Lambert S.A. Lloyds Bank International Limited

Amro International Limited Banque Indosuez Banque Nationale de Paris Banque Paribas Berliner Handels- und Frankfurter Bank Hambros Bank Limited Istituto Bancario San Paolo di Torino Kredietbank International Group LTCB International Limited Mitsubishi Finance International Limited Société Générale de Banque S.A.

Algemene Bank Nederland NV. Al Saudi Banque Banca Commerciale Italiana Bank/Banque Ippa Banque du Benelux S.A. Banque Française du Commerce Extérieur Banque Générale du Luxembourg S.A. Banque Internationale à Luxembourg S.A. Banque Privée de Gestion Financière "B.P.G.F." Caisse Centrale des Banques de France Caisse des Dépôts et Consignations Caisse des Dépôts et Consignations Chase Manhattan Capital Markets Group Chase Manhattan Limited CLN Oyens & Van Eeghen NV. Compagnie Monégasque de Banque Copenaghen Handelsbank A/S Crédit Commercial de France Crédit Commercial de Belgique S.A./Ciententekrediet van België NV. Credit Général S.A. de Banque Crédit Industriel et Commercial Crédit du Nord Credi Suisse First Boston Limited Credito Italiano Credito Italiano Den Danske Bank af 1871 Aktieselskab S.A. DeWit NV. Dominion Securities Armes Limitée Dresdner Bank Aktiengesellschaft Genossenschaftliche Zentralbank AG Vienna Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Lazard Frères et Cie Merrill Lynch Capital Markets Nederlandse Middelestandsbank nv Nederlandse Credietbank nv Norddeutsche Landesbank Girozentrale Orion Royal Bank Limited Postbank Rabobank Nederland Société Générale Société Générale Alsacienne de Banque, Luxembourg Sparekassen SDS The Taiyo Kobe Bank (Luxembourg) S.A. Vereins- und Westbank Aktiengesellschaft S.G. Warburg & Co. Ltd. Wood Gundy Limited

February 24, 1984

This announcement appears as a matter of record only. March, 1984.



Standard Oil Company of California \$14,000,000,000 Revolving to Term Credit Facility

Arranged by: Bank of America NT & SA

Provided by:

Bank of America NT & SA The Chase Manhattan Bank, N.A. Morgan Guaranty Trust Company of New York

Bank of Montreal Bankers Trust Company Chemical Bank Manufacturers Hanover Trust Company The Toronto-Dominion Bank

Commerzbank Aktiengesellschaft Swiss Bank Corporation First Interstate Bank Algemene Bank Nederland N.V. The Industrial Bank of Japan, Limited Security Pacific National Bank

Continental Illinois National Bank and Trust Company of Chicago The First National Bank of Chicago InterFirst Bank Dallas, N.A. The Long-Term Credit Bank of Japan, Ltd. Golden State Sanwa Bank The Sumitomo Bank of California

Australia and New Zealand Banking Group Limited Banca Nazionale del Lavoro, Los Angeles Branch The Bank of New York Banque Paribas Bayerische Vereinsbank AG (Union Bank of Bavaria) Crédit Lyonnais DG Bank, Los Angeles Agency The First National Bank of Boston Mercantile National Bank at Dallas National Bank of Detroit Pittsburgh National Bank Société Générale Standard Chartered Bank PLC/ Union Bank Wells Fargo Bank, N.A.

Agent



Barclays Bank International Limited Citibank, N.A. National Westminster Bank Group

The Bank of Nova Scotia Canadian Imperial Bank of Commerce Crocker Bank/Midland Bank PLC The Royal Bank of Canada

Crédit Suisse Union Bank of Switzerland Lloyds Bank International Limited Amsterdam-Rotterdam Bank N.V. Mellon Bank, N.A. California First Bank/Bank of Tokyo Group

The Dai-ichi Kangyo Bank, Limited First City National Bank of Houston The Fuji Bank, Limited Irving Trust Company Texas Commerce Bank National Association The Mitsubishi Bank, Ltd.

Banca Commerciale Italiana Banco di Roma, San Francisco Branch Banque Nationale de Paris Bayerische Landesbank Girozentrale Credit Commercial de France Deutsche Bank AG New York Branch European American Bank & Trust Company First National Bank of Minneapolis The Mitsui Bank, Limited NCNB National Bank of North Carolina Rabobank Nederland Société Générale de Banque The Tokai Bank, Limited Westpac Banking Corporation

OVER-THE-COUNTER - Nasdaq National Market

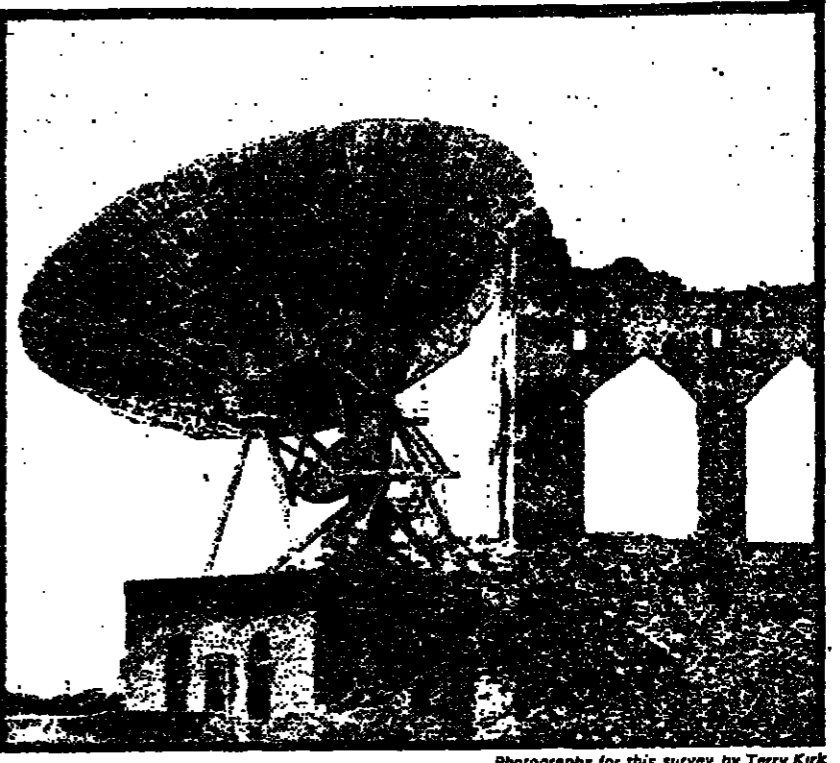
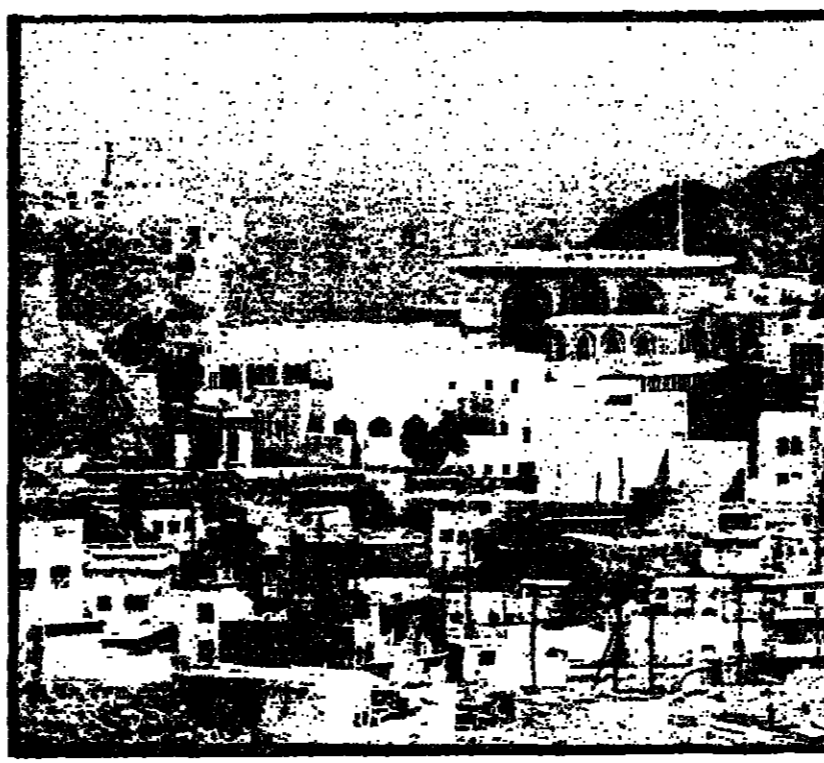
Table with columns: Stock, Sales, High, Low, Last, Chng, and various stock symbols and prices.

Handwritten signature: Jolly, in Lito

FINANCIAL TIMES SURVEY

Oman

In 13 years Sultan Qaboos has transformed Oman from backwardness and isolation into a modern and peaceful state. Moreover, careful housekeeping has enabled the country to continue expanding its economy at a time when those of most of its neighbours are stagnating



Left: Muscat city centre with the Alam Palace in the centre and Fort Mirani in the background. Right: the earth satellite station at Al Haser, part of the country's modern telecommunications system which, Omanis hope, will soon be among the best in the world

IN OMAN it is barely possible to have any conversation or read any official publication which does not allude to the fact that when Sultan Qaboos bin Said al-Said deposed his father, Sultan Said bin Taimur al-Said, in 1970 with the help of British troops, the country was backward, isolated and under-developed.

to the present day so that while Oman participates in the Gulf Co-operation Council and other Arab forums, it looks more to India and Africa than do other Middle East countries.

By STEWART DALBY

Today contract workers, who probably did not know of the country's existence a few years back, are swarming in the form of Muscat's four first class hotels, virtually the only places where visitors are officially sold. They discuss how in 1970 there were only 10 km of paved roads in the second largest country in the Arabian peninsula, covering 300,000 sq km. There were only three primary schools for a population of probably around 500,000, and there was just one hospital.

There are, for example, 266,000 expatriate workers in Oman but there is hardly a Palestinian among them. Apart from the British contractors and members of the armed services, they are largely Indians and Pakistanis.

This separatism is reflected in a decidedly independent foreign policy. Virtually alone of the Arab states Oman supported President Sadat of Egypt over the 1978 Camp David accord, and was to some extent ostracised because of it.

If a strong sense of the past has an important bearing on Oman's character that is often realised, should not obscure the fact that the consistently independent stance Oman takes also owes a lot to the great skill with which Sultan Qaboos as absolute ruler has managed his country's affairs.

When he took over in 1970 the social and economic deprivation which his father's neglect had caused provided fertile ground for an insurgency backed by South Yemen. The rebels of the Popular Front for the Liberation of Oman (PFLO) controlled the Jebel Qara mountains in Dhofar province, leaving the old Sultan in charge of the Salalah plain. His empire was on the point of collapse.

Sultan Qaboos not only had to subdue this rebellion (a process which took until 1975) but also had to launch a crash development programme to build roads, schools and hospitals. Both were expensive and Oman has never been a rich country. Its foreign reserves today stand at \$4bn.

Oil exports did not start until 1967, and its current production of 400,000 b/d, very modest by the standards of some of its neighbours, is probably close to the maximum Oman can produce without seriously shortening the period its reserves will last. At 3bn barrels, reserves should last for another 30 years if there are no further discoveries.

It must have been very tempting for the Sultan to borrow and spend more than the state could afford but he has done neither, choosing to adhere to a conservative oil production regime instead.

Tight housekeeping Nor has he entered any grandiose development schemes of dubious validity. There are very few conspicuous white elephants in Oman today: there are no fertiliser plants, producing fertiliser which cannot be absorbed, and no refineries producing products which cannot be sold. A small industrial estate has recently been started, but it is not intended that the manufacturers setting up there should compete with countries well established in the field.

Plans have not been laid on the basis of unrealistic oil prices, or unrealistic production levels. The wisdom of this tight housekeeping has been shown in the past year.

Oil still accounts for 86 per cent of Oman's foreign earnings, but when prices fell by nearly 20 per cent in the past year, Oman was able to offset this by increasing production. This meant that budget revenues increased and development plans were not affected. Oman has had to borrow a little but its foreign debt servicing is still less than 5 per cent of the Government's income. While other countries' economies have come grinding to a halt, Oman has managed to keep growing by 5 per cent in 1983 with the same increase in GDP likely this year.

Yet, while there is little cause for discontent in the way the economy has been managed, one small area of concern is the succession: the 43-year-old Sultan is divorced and has no heirs. There has been some suggestion that the Deputy Prime Minister for Legal Affairs, E.H. Sayyid Fahad bin Mahmood al

Said, a relative, will be named Crown Prince but there is no definite sign of this happening so far.

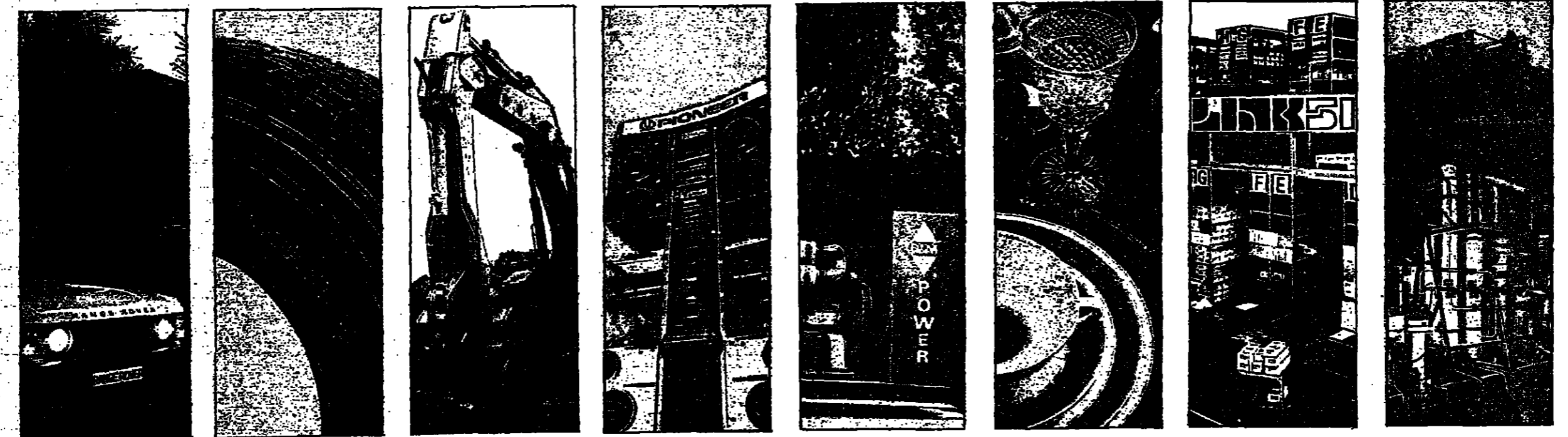
The Sultan did anticipate some criticism that his absolute rule was too restricted by setting up two years ago a Consultative Assembly. This has worked well with its many committees producing valuable recommendations for decrees. The assembly is now being increased to 56 members from 44.

Another possible area of dissatisfaction arises from the business involvement of ministers, which in some cases could result in conflicts of interest. A law relating to commissions was recently introduced. This proved too complex to implement, and the Government will probably try to draft a new law in due course.

In truth, though it is difficult to detect any discontent in this pleasant and relaxed country, the Sultan takes a simple view of his achievement: "My great satisfaction is that my people seem happy with what I am doing. Their faces express to me that they are happy. They even look happy."

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Telephone system: bell tolls for endless engaged tones 6
Agriculture: urgent need to raise level of skills 6
Fisheries: scope for big increases in size of catches 6
Tourism: careful watch kept on pace of development 7
Labour: Migrants continue to meet shortage 7
Defence: all eyes on the Horn of Arabia 8
Education: from scratch to modernity in 13 years 8

WOULD YOU LIKE TO DO BUSINESS IN OMAN, WITH A COMPANY THAT ...



has a roving eye for market opportunities | has the experience to tread knowledgeably | has a concrete reputation for professional skills | has always been a pathfinder in many fields | has the ability to keep sparking with new ideas | has a crystal clear vision of the market | has a sales and service chain throughout the country | and is bubbling with activity in the nascent Oman market

MOHSIN HAIDER DARWISH

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OMAN II

Growth continues despite oil price setback

THE STATE BUDGET (ORm)		
	1983	1984
SOURCES:		
Net oil revenue	1,181	1,100
Other revenue	130	170
Aid	10	5
Development loans	122	166
State General Reserve Fund	—	120
Total sources	1,443	1,561
APPLICATIONS:		
Defence and national security:		
(a) Recurrent expenditures	488	514
(b) Capital expenditures	126	163
Civil purposes:		
(a) Recurrent expenditures	383	477
(b) Development expenditures	363	360
(c) Financing of financial organisations:		
1. Oman Bank for Agriculture and Fisheries		
	4	5
2. Development Bank of Oman		
	4	4
3. Oman Housing Bank		
	4	4
(d) Financial aid to private sector		
	18	9
(e) Government share in F.D.O. expenditures:		
1. Recurrent expenditures		
	62	59
2. Development expenditures		
	135	973
	160	1,018
Loans repayment		
Investments and loans	35	50
	30	20
Total expenditures	1,650	1,765
Deficit	207	204

Economy

DESPITE dire predictions of a sharp downturn in economic activity in 1983 and subsequent curbing of development plans because of the softening of oil prices, Oman's economy has held up well.

Gross Domestic Product (GDP) grew by between 4 and 5 per cent in 1983 according to unofficial estimates by the Ministry of Finance. The economy should show similar expansion this year.

This is a far cry from the 21 per cent average annual growth anticipated in the second five year plan (1981-85).

Nevertheless, given that oil accounts for 96 per cent of export income, and over 80 per cent of budget revenues, that it makes up 65 per cent of GDP and that oil prices in practical terms have fallen by 20 per

cent in the past 18 months, it is a creditable performance.

Moreover, the country's ambitious development plans seem barely to have been affected. The budget figures for 1984 show that spending overall at OR 1.8bn (£3.4bn) is due to rise by 7 per cent. Spending on defence which accounts for 44 per cent of budget expenditure is due to increase by 10 per cent (within the defence budget, recurrent expenditure is 76 per cent of the total).

There has been some trimming of development expenditure. The capital budget in the civilian sector is projected at OR 360m against OR 382m in 1983. In the oil sector both development expenditures and recurrent expenditures are down, by OR 35m and OR 5m respectively. Although there are no final figures for the balance of payments for 1983, Dr Sherif Lutfy, the Egyptian-born Secretary-General, reckons that payments will balance and the picture should be similar in 1984. In 1982 there was an overall balance of OR 293.5m.

One unexpected downfall that Oman did receive last year was

a low rate of inflation. Its terms of trade improved by 10 per cent as a result of the strength of the dollar (the currency in which it is paid for its oil exports) and as a result of the weakening of the currencies of Europe and Japan where most of its imports originate. As a result imported inflation was not a problem.

Mr Mohammed Musa, the Under-Secretary at the Ministry of Finance, claims there was actually a deflation last year of 1.1 per cent. This does not square entirely with other estimates which have it that inflation domestically increased by 10 per cent, but certainly the weakening of the European currencies and the yen helped Oman.

development programmes on course is that it has been able to increase its oil output.

Oman is not a member of Opec or of Capex, but it is a member of the Gulf Co-operation Council. It must be sensitive to its co-members wishes. The GCC, a six country organisation includes two large oil producers in Saudi Arabia and Kuwait.

Despite these considerations and largely because Oman is such a small producer whose output is modest by GCC standards, it has been able to push its production up. In 1981, it stood at 330,000 b/d, and by the end of 1983 was 385,000 b/d. The increases in production have served to offset the price drop so that revenue from oil, projected at OR 1.1bn is virtually the same as in 1982 when it was a shade under OR 1.2bn.

Of course, Oman has not been totally untouched by the collapsing price for oil. For the third year running a budget deficit is envisaged. The budget deficit for 1983 was projected at OR 207m and may well have turned out higher. The foreign exchange component of this was covered by a eurodollar loan of



Oman wants to increase the role of agriculture in the economy but lacks skilled labour. Above: students learn how to fish at the UNESCO-aided agricultural school at Niqra.

\$300m. This was led by Gulf International Bank. It involved a consortium of 21 banks and is a seven year facility.

For the past four years Oman has committed 15 per cent of its budgeted revenues to a State General Reserve Fund before other expenditures. This amounted to some OR 1bn by the beginning of 1984. The budget shortfall for 1983 could be covered from this fund.

In 1984 the situation looks to be different. The budget estimates already include a drawing of OR 120m from the SGRF before any other budget expenditures.

It seems likely that there will have to be further drawing down of the reserves, and it is possible Oman may have to go to the eurodollar market again. Ideally the country would rather obtain money from other sources. This year's budget includes a provision for OR 166m in development loans. This would include monies from other GCC states, but presumably does not include military aid. The GCC recently agreed to give Oman \$1.5bn in military aid over a 12-year period.

There is a small amount of grant aid, mostly from Saudi Arabia and largely wrapped up in the hospital Saudi Arabia is effectively donating. This year, though, aim amounts to just OR 5m.

There are various other capital inflows. Britain's ECOD is exposed to the same of \$300m, although, of course, not all of this is a similar period of time. If Oman should need to go

Profits hit by excess of liquidity

ALTHOUGH in the financial sector 1983 was generally mixed, all 25 banks managed to stay in profit.

Total deposits moved from OR 483.8m (1982) to OR 584m (21,065m) in the year to September 1983. This was an increase of 21 per cent, and in line with increases of previous years, apart from 1980 when there was a large jump of over 40 per cent.

Lending rose only 15 per cent, to OR 472m, and thus increased at a slower rate than previous years.

Gross profits in the nine-month period January to September 1983 were OR 9.6m, a fall over the comparable period in 1982 when profits were OR 11m. This in turn compared with a cross-the-board rise of 40 per cent for 1982.

The final figures for 1983 have not yet finally been released, but Dr Abdul Wahab Khayyat, the President and Deputy Chairman of the Central Bank, told the Financial Times that profits for the year may probably emerge virtually unchanged at OR 18.1m against OR 15.9m in 1982. There is no breakdown available, but in 1983 the total banks led by the National Bank of Oman, made roughly OR 10m and the 14 foreign banks OR 8m. Profits for 1984 will not be out of line with this apparently. None of the banks made losses.

The standstill in profits was due not so much to a slowing down in economic activity, but a building up of excess liquidity. This was the result of a government ban on the banks' foreign holdings.

In Oman the 14 foreign banks enjoy the same privileges and rights as the local banks. There is no exchange control in the Sultanate and the foreign banks can deal in local currency.

This is a result of the relatively slow emergence of banking in the country. Until 1970 only three banks existed in Oman. The British Bank of the Middle East (BBME) was established in 1949 and effectively acted as the finance ministry and central bank. The Chartered Bank and Grindlays followed in the 1960s, but it was not until 1975 that the Central Bank of Oman was set up.

placed. Lending is restricted to 55 per cent of deposits while the restrictions on the growth of assets limit them to 27 times of capital.

Apart from its concern to protect the Rial, the Central Bank and the Government want to keep inflation as low as possible. To this end interest rates have been fixed for some years at 9 1/2 per cent for deposits and 1 1/2 per cent for loans. These rates can vary. The Government can borrow at much cheaper rates, as can some important private individuals.

However by setting up a barrage of controls, the central bank has been, some bankers argue, too inflexible.

Banking

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OMAN III

In a recent interview with Stewart Dalby, Sultan Qaboos bin Said al-Said aired his views on a wide range of topics from internal politics to Lebanon. This is what he said



Sultan Qaboos bin Said al-Said

On Aysatibah Khomeli's threat to close the Straits of Hormuz.

We would like to think that he will not do it. It is not good for anyone. It does not serve anyone's interests. There are far more reasons for not doing it, than for doing it. In spite of this we must take seriously any threat that he might try something. We are obviously not in a position on our own to prevent him attempting to close the Straits. We must ensure that we know what is happening when it is happening and it is possible in advance. We can then counter with our Brother Gulf states and decide on what course of action we must take.

On the Iran Iraq War

You saw there was some shelling this morning by Iraq, so it will be Iran's turn now. The thing will go on, and then hopefully they will get tired of it. Both sides will see there is no sense in carrying on.

Iraq made a statement recently. In fact, Iraq made many statements saying it is prepared to talk. A United Nations delegation is supposed to look into the situation, so at least we might learn what the Iranians think on the ground.

Personally I do not see anything happening until Iran decides there is no sense in going on or the situation there changes. There is no sign of it yet.

On the Gulf Co-operation Council and its defence policies

In two years we've made a very good start. We are taking a step by step approach. Study situations and then decide how to tackle them.

Our brother states are giving us OR 500m (\$1,800m) over 12 years as defence aid. We are always glad when our brothers devote funds to help us modernise and build up our armed forces. But after all, it is their defence as well.

We have been having joint exercises. There were recently joint air force exercises with the UAE and Abu Dhabi. I have not received the full reports yet, but I gather they went well. We want to join exercises as often as possible. We still have some way to go before we have a concerted defence policy.

war from which nobody benefits. (Sultan Qaboos was one of the few Arab states not to condemn Egypt over the Camp David peace accord.)

On South Yemen

We have announced we are exchanging diplomatic relations but we have not exchanged ambassadors yet. I regard the war in the 1970s as a closed chapter. (South Yemen supported guerrillas of the Liberation Front for the Liberation of Oman against the Sultan's armed forces in the 1965-75 campaign.)

It is always better to get on with your neighbours, providing they are not interfering with you. It takes time to build up confidences again, though, and we are not going to rush things.

On the Soviet Union

The Soviet Union appears to have been less active recently. But you must remember they do not always do things directly. In Angola and Ethiopia they used Cuban troops and Cuban troops are still in both places. I believe.

Many countries of the world feel that dangerous situations are being created by activities like Afghanistan, and this may have caused them to calm down a bit. But I don't believe their long term aims have changed. They want to dominate.

Do they want to dominate in the Gulf?

Certainly, it is an important strategic area. We all know they want to create a situation which would serve their aims of expanding here. They have always wanted to expand here.

You are said to be against having U.S. bases in Oman. No, never. The advantages of bases are far outweighed by the disadvantages. First, if you have bases, you yourselves become a target of superpower confrontation. We would not like our country to become a superpower battleground.

Second, I do not think my people are politically inclined to accept such a thing. It is only right that they should not have foreign soldiers wandering around the place. The occasional ship can visit but not troops. I will never allow bases. I assure you.

The Americans have facilities. They have been altering some facilities. That is part of our agreement with them. There should be an ability to accommodate them should the need arise. The freedom of the Gulf is in the West's interests. They should have facilities here.

You do not want U.S. bases, but you have a close relationship with Britain even to the extent of having your army partly officered by British soldiers. Is this something to do with your personal background? (Sultan Qaboos went to school in England and attended Sandhurst military college.)

Our ties with Britain go back a very long way. We have been friends for a long time. Our armed forces were traditionally officered by the British. Today we have civilians who work for us and military relationship has been maintained and has been a great help.

There is no need to have a

may not exist or already be taken if they do exist. Here we really have learned from the mistakes of others. I can think of countries who have built up industries only to find that they cannot sell the stuff. We should place our future in agriculture.

On the State Consultative Council:

The first two sessions have ended on a good note. We are increasing the number of members from 45 to 55. The committee system is working well. They meet every month and we have bigger sessions each quarter. They send policies for my endorsement regularly and I either sign them or if they need more work refer them back.

Do you foresee any further political movements?

Not for the moment.

There is enough work to be done involving the economy and social things. Foreign affairs would be too much to add at the moment.

What is the rationale behind having your own university?

It is better that our people have their education in their own country, within their own environment, and not be subjected to loneliness and other pressures elsewhere.

Secondly, we want to establish an education system satisfactory for our needs. We are going to have practical courses, medicine, engineering, agriculture and the like. We do not intend to have philosophers or poets, not yet anyway. We need scientists to serve the country but they will be intellectuals in their own right.

What do you regard as your main achievements and what are your hopes for the future?

That is a very big question. My great satisfaction is that my people seem happy with what I am doing. They express this happiness to me. They even look happy. I drive around and they seem relaxed and contented.

For the future I want to do more of the same. We have just laid the foundations really. We have been in a position to do things and we have done them. I hope sensibly gradually and carefully. We are not interested in doing anything for show.

The Bahwan Group

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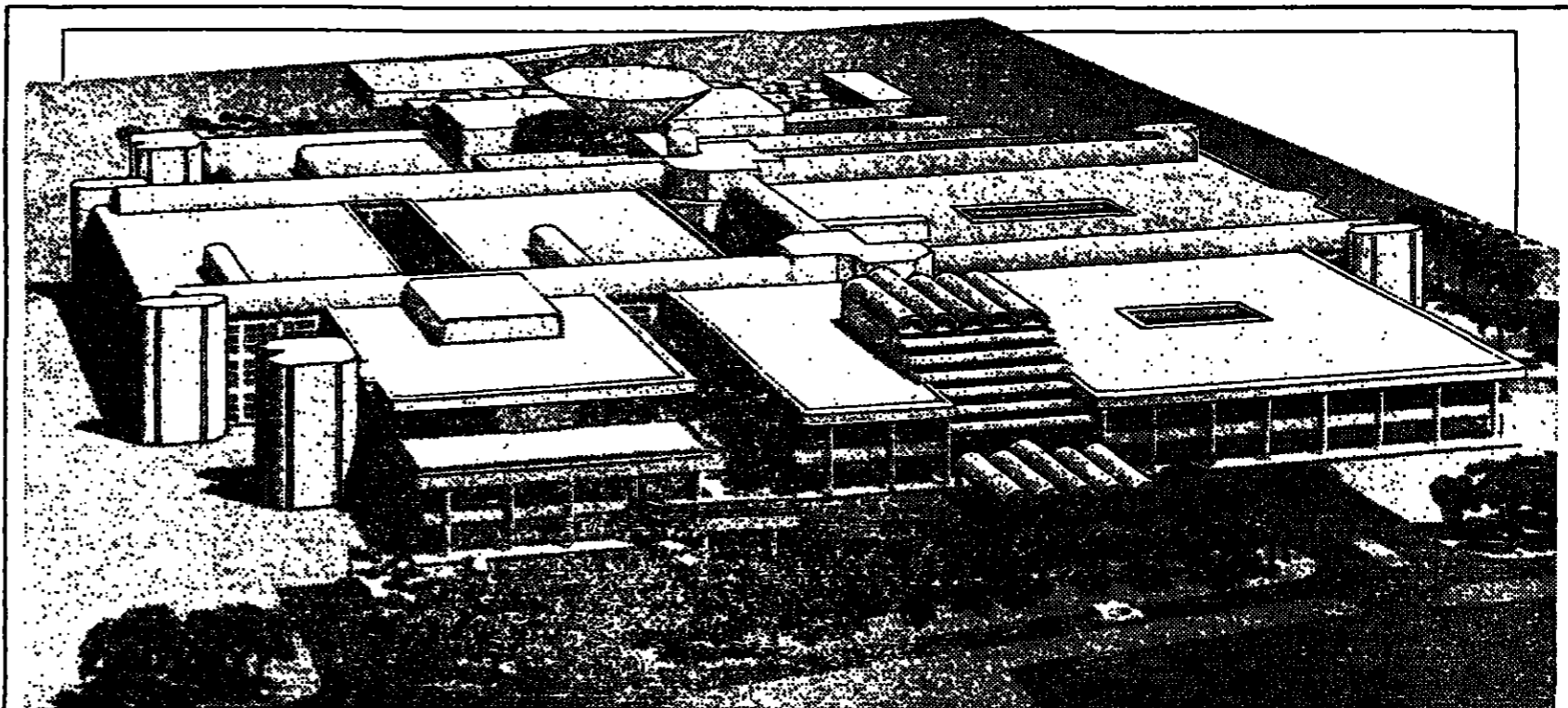
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Wimpey Alawi LLC have contracted four major projects in the Sultanate of Oman worth in excess of £176 million.

Royal Hospital. £147 million.

The project involves design, construction and equipping a 500 bed hospital, together with staff accommodation in houses, flats and hostels.

Complex to be built as a 2 and 3 storey split level building to suit the contours of the gently sloping rocky side.

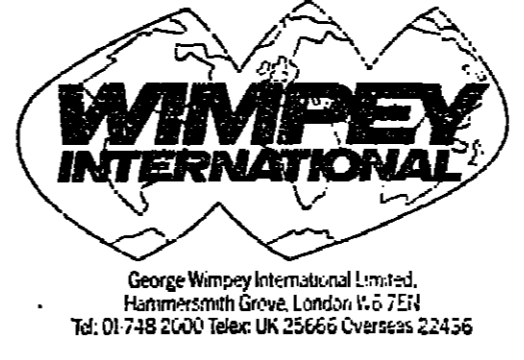
Architects: Percy Thomas Partnership.
Civil/Structural Engineering: Wimpey Group Services.
Consulting Engineers, Mechanical & Electrical Services: Donald Smith Seymour & Rooley.
Building Services Subcontractor: Brightside Mechanical and Electrical Group Services Ltd.
Quantity Surveyors: Monk & Dunstone Associates (Middle East).

WIMPEY CONSTRUCTS FOUR MAJOR PROJECTS IN OMAN.

Ministry of Foreign Affairs. £12 million.
A ministry complex being built in Muscat for the Director General of Properties of the Diwan of Royal Court Affairs. Complex will have one, two and three stories with reinforced concrete frame and hollow block infills. Finished specifications include extensive use of Italian marble and teak panelling.
Consultants: Fitzroy Robinson & Partners (Middle East).

Housing Complex. £11.6 million.
Contract to build accommodation for 310 staff and dependents of the Oman Cement Company (SAO). Complex comprises 27 houses, 5 apartment blocks, two dormitory units, a mosque, senior and junior staff clubs, swimming pool, medical centre and shops. Included are all infrastructure items such as roads, electrical intakes and distribution, water and sewage works.
Consultants: Messrs Huckle & Partners (Oman).

Power Projects. £6 million.
John Brown Engineering Ltd. placed the order for civil and building works for a 250 MW power station in Rusayl, Northern Oman.
Work, which is now completed, involved construction of turbine and ancillary foundations, control and administration buildings and some associated external works.
Consultant Engineers: Anthony Masters and Partners Ltd.



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BANK LENDING RATIO
(In O.R.m)

	1982				1983		
	1Q	1H	1H	1H	1Q	1H	1H
Deposits	519	565	585	655	644	665	691
Actual Lending	374	413	417	494	434	480	478
Permitted Lending	441	490	497	537	547	566	587
Amount in Excess	3.5	4.1	2.1	0.5	0.4	0.4	0.4
Lending Ratio	72.1	73.1	71.5	61.6	67.4	69.2	69.3

Amount in excess is the sum of excesses of individual banks and is not the difference between aggregate actual lending and permitted lending of all banks

Source: Central Bank of Oman

Liquidity excess

CONTINUED FROM PREVIOUS PAGE

35.47 per cent by construction and 20.17 per cent by personal loans.

One area into which the banks do not stray and where there is thought to be a need for greater activity is long-term lending.

Long-term lending is done almost exclusively by the Government's lending agencies, notably the Oman Development Bank, the Oman Bank for

Agriculture and Fisheries and the Oman Housing Bank.

The Oman Development Bank has been involved to date in 109 projects ranging from food processing and beverages, chemical products, paper and printing products, furniture and so on, at a cost of OR 57m. Much of this was short term credit.

Dr Abdul Habab Khayata estimates that total medium and long term credit dispersed by these three institutions does not go far beyond OR 75m of which OR 63m was

dispersed for housing purposes. If the country is overbanked, it appears to be underbanked. Including the three government agencies, the banks have 190 authorised branches of which 175 are operating.

The moratorium on new banks setting up in Oman, they are the Oman Overseas Trust Bank and the Banque de Liban or D'Ouest Mar.

S.D.

lay March 13 1984

etback

role of agriculture in agricultural sector

to the capital markets and find no difficulty in raising money. The total portfolio of 200m. Services are easily to under 3 per cent. Government expenditure

The overall picture emerges therefore, is that because of its central spending more than the decline in oil prices, the world recession remains

It has gone a little but it is no way likely to mean by foreign reserves stand at \$8.4 in so undervalued, no prospect that the visiting shortly.

Its development is on schedule. It is a bottleneck in a number of trained manpower.

With a population of under 1m people, the number of people in the There are 100,000 workers in Oman, Indians and Pakistanis, mostly work in the employed in both the

Essentially the Ministry of Education but it is not clear yet, but I gather they went well. We want to join exercises as often as possible. We still have some way to go before we have a concerted defence policy.

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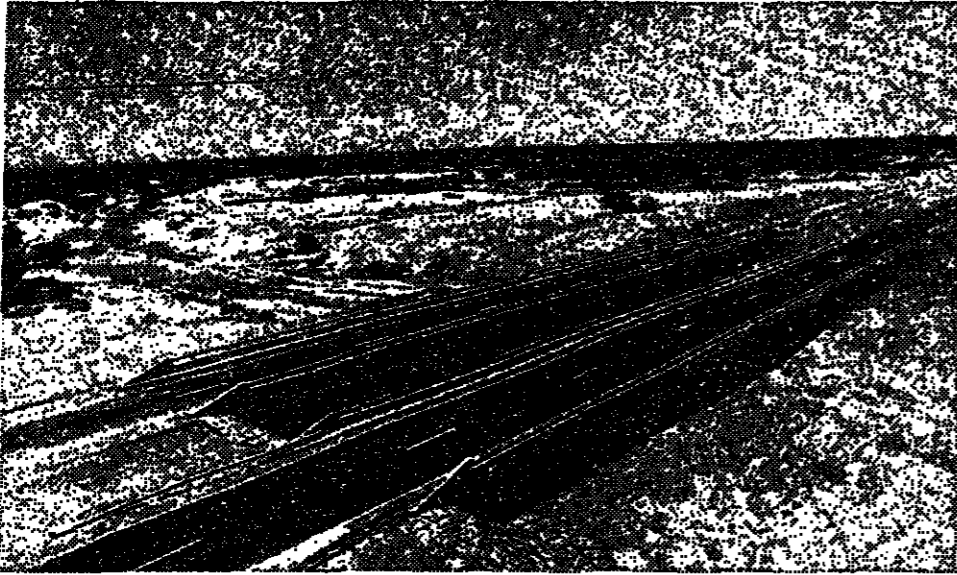
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OMAN IV

Private sector urged to play bigger role

Industry

THE SECOND Five Year Plan (1981-85) has seen considerable government impetus into the establishment of both small and medium-sized industrial projects.

One of the larger projects to come into production is the cement factory at Mina Raysut in the Southern Region, which is already producing 210,000 tonnes of cement a year.

Together they will produce approximately 60 per cent of Oman's yearly cement requirements.

Good quality cement is available cheaply from the neighbouring UAE due to shortage of construction work there.

A second large industrial project to come on stream in the near future is the animal feed mill, run by Oman Flour Mills.

Oman Organic Fertiliser and Chemical Industries' plant at Baushar. The plant which recycles waste matter into fertiliser has already commenced operations.

Within the recent GCC Trade Agreement eight items were not exempted from Oman import tariffs in line with projects already given to go ahead in the Sultanate.

The plant has been installed by Zaideddin Traders and Contractors, local agents for West Germany's Kleemann Reiner.

Al Turki Cement Products LLC have just installed a fully-automatic computerised concrete block making machine.

A detergent factory also opened at the end of February. The factory can produce up to 600 tonnes of brick to meet local demand.

Loans from the Oman Bank for Agriculture and Fisheries and from the government have enabled the setting up of the

Within the recent GCC Trade Agreement eight items were not exempted from Oman import tariffs in line with projects already given to go ahead in the Sultanate.

Al Turki Cement Products LLC have just installed a fully-automatic computerised concrete block making machine which can churn out 900 blocks an hour at Ghailan.

A detergent factory also opened at the end of February which is capable of meeting local demand and at a later stage will export to other Arab countries.

A 100m cubic metres capacity, but the project is held up by lack of funding. It is possible that this project will attract ECGD backed credit financing.

The OR 40m Salalah Sewerage Scheme has also been discussed for some years. Although preliminary feasibility studies have been carried out.

However, this project too may well attract an ECGD loan. A masterplan for the capital area sewerage system is also under consideration.

SHIL to commence is the OR 100m Mina Qaboo Port Extension, now in the detail design stage.

Other proposals being discussed for inclusion in the next Five Year Plan, commencing in 1986, include an ambitious improvement plan to turn the existing stum area of South Ruwi near Muscat and Hamriya into a modern community.

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The new dry-process cement plant built by Costain International at Rusail industrial estate in the north. It and the new Mina Raysut factory will produce 60 per cent of Oman's yearly cement requirements.

An unusual industry to start production at the end of last year was the Perfume factory, producing probably the world's most expensive perfume called 'Amouage' which is packaged in solid silver flasks dipped in gold.

A recent official report predicts that by the end of the second Five Year Plan in 1985, industrial output will have more than quadrupled to OMR1.2 billion.

Pride of place within the Government's industrial development plans goes to the new OR 20m Rusail Industrial Estate, phase 1 of which was completed early this year.

However, rapid development has underlined the necessity of employing Arab labour and this is likely to continue for some time, although already recruitment of foreign labour is being encouraged in areas where there are qualified Omanis available to fill the job.

Jennifer Robb

Ambitious plans remain intact

Construction

DESPITE THE shortage of work in the United Arab Emirates which is causing an influx into Oman of companies seeking contracts, prospects for companies established within the Sultanate look bright.

Almost all projects within the 1981-85 Five Year Development Plan are going ahead and a steady economy has resulted in no deferment in government spending.

As government projects form the bulk of available contracts in Oman, the contracting situation is heavily linked to the Five Year Plan, now in its fourth year.

One of the largest projects taking place at the present time is the Sultan Qaboo University at Al-Rusail, 10 km west of Seeb Airport.

A further contract valued at \$80m has been awarded to Cementation International for the construction of a university hospital to open in 1988.

Yama Costain has been awarded the OR 35m contract to build a camp for the Armoured Regiment for Ministry of Defence and John Laing has a OR 24m contract for a military hospital.

A few major projects listed within the current Five Year Plan have not yet commenced but interesting prospects for the next few years. One of them is the Wadi Dayqah dam which is to supplement the capital area water supply.

Design for the dam have been prepared by UK's Sir M. MacDonald & Partners to provide a 100m cubic metres capacity, but the project is held up by lack of funding.

The OR 40m Salalah Sewerage Scheme has also been discussed for some years. Although preliminary feasibility studies have been carried out.

However, this project too may well attract an ECGD loan. A masterplan for the capital area sewerage system is also under consideration.

SHIL to commence is the OR 100m Mina Qaboo Port Extension, now in the detail design stage. However, bids have now been received for a site investigation contract which will enable the consultants, Maunsell & Partners to draw up detailed designs for the extension which includes a 1,000m breakwater, a 600m container berth and ground levelling for a further terminal.

ben completed and plans are now being drawn up by Harry's Incusent to run 65 km road linking the coastal villages of Mirbat, Jufa, Suda and Had-been.

Phase 1 of the RO 20m Rusail Industrial Estate which entailed laying an infrastructure of roads, water, electricity and telephones over an area of 45 hectares is now complete.

Sub-contracts are still being awarded for many of the major projects - the university, the bank training centre and Al-Basrah village. In addition there are also a number of projects to be tendered this year which will attract medium sized local firms.

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trial estate may be built in the Sohar area. An industrial area in the Southern Region already exists at Rayut, and plans are under way to establish a heavy industries centre there.

Although most of the larger infrastructure projects within the current Five Year Plan are either well underway or have been completed, there are still enough smaller projects to keep most of the contractors busy until the end of the plan period, although consulting engineers are finding that the limited amounts of design work are causing stiff competition.

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مكتبة الأصغر

OMAN V

Output expanded to offset fall in prices

Oil

IT WAS oil which transformed Oman from a backward, isolated country into a modern state, and it remains the source of nearly all the nation's wealth.

Oil and hydrocarbons account for 96 per cent of exports and over 80 per cent of government revenues. Oil and oil-related activities account for 65 per cent of GDP.

Given this dependence, the past year should have been one of concern for Oman. The Opec price fell or was out from \$24 a barrel to \$29. The country is not a member of Opec or of Opecpet, but it is a member of the Gulf Co-operation Council (GCC) and must be sensitive to the wishes of its fellow members, and in particular Saudi Arabia.

Oman has been selling its oil through a series of bilateral arrangements with growing evidence that oil companies are increasingly willing to buy oil from Oman.

Nevertheless it is doubtful whether Oman can go much below the \$28 figure it has reportedly been obtaining recently.

The country has been able to offset what amounts, at the \$28 figure, to a 20 per cent drop in prices by pushing up its output. It has been helped in this because it is not and probably never will be a major producer and its output does not seriously affect world levels.

Exploration

Production in 1981 was 330,000 b/d—indeed the second five-year plan was based on assumptions of production at this level and a price of \$38. Output moved up to 385,000 b/d in 1982 and toward the end of last year had reached 425,000 b/d, the production ceiling having been raised to 485,000 b/d.

Now Oman is producing 400,000 b/d and could go up to 420,000 b/d or 450,000 b/d without seriously depleting reserves estimated at between 300 and 400 barrels.

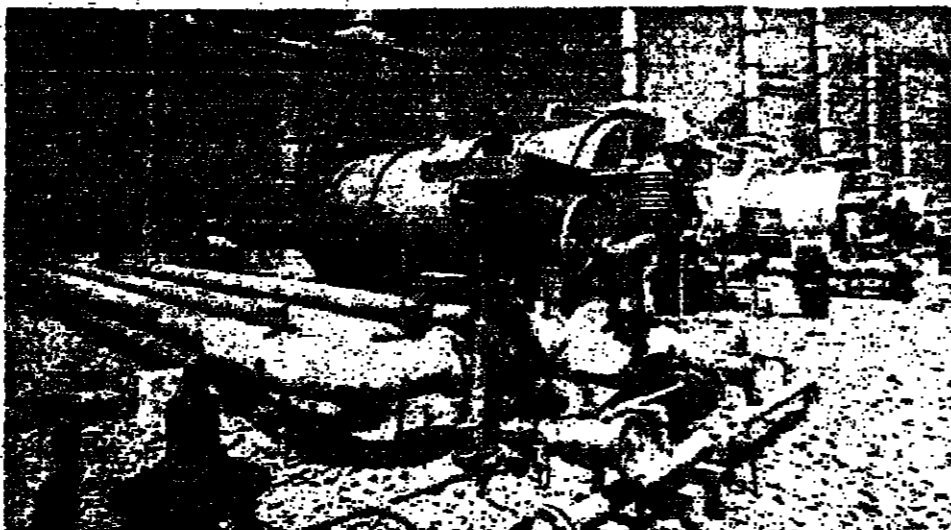
The ability to push up production like this (even if the totals are still modest by the standards of other producers) is in sharp contrast with the gloom which existed six years ago. Oman's production was beginning to level off and Oman looked as if it faced an oilless future.

Production finally peaked in 1980 at 322,000 b/d, and reserves seemed only good for 10 to 12 years.

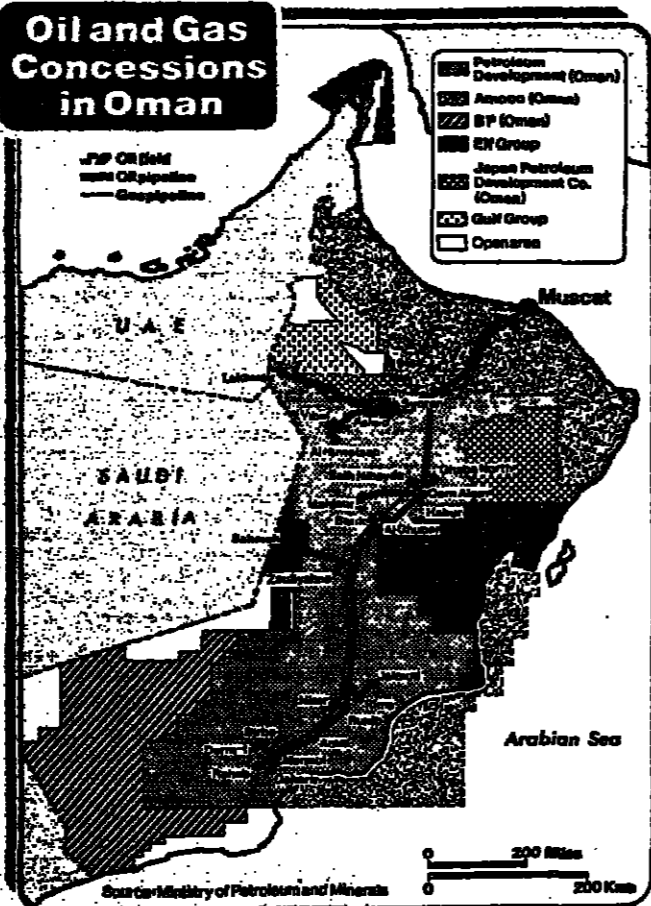
The old complex of fields at Fahud in north central were running down. Oil had first been discovered there in the 1950s and exports began in 1967.

The Government launched an intensive exploration and production programme, however, and encouraged the oil companies in the country to do the same.

In 1980 a new complex of fields centred on Marzouq in the south in Dhofar province was brought on stream. The field



PDO's oil terminal at the Mina al Fahal where light and heavy crudes are mixed to give the Opec standard and are then exported.



and an Elf-led consortium, comprising Kuwait Petroleum Corporation, the International Energy Development Corporation and Sumitomo of Japan a 27,000 sq km concession at Saiwan on the mainland across from Masirah Island.

Another Japanese oil consortium, Oman Japan Development Company, signed a production-sharing agreement for an offshore concession at Masirah Island and Japex Oil, another consortium, signed up the Wafsha concession north of Sohar.

The other major foreign operators in Oman are a BP Agi Denimex Hispanoil group operating a concession in West Dhofar and Quintana Gulf Occidental Group in the Sunainah concession between Jebel Akhdar and the UAE.

In all there are at least ten concession areas being worked with around 30 foreign companies either on consortiums or working singly.

Besides the sums spent by PDO the other concessionaires in 1982 spent \$159.7m. The most recent discovery has been made in the Japex concession area. The Ministry of Petroleum has not yet revealed the possible amount except to confirm that there are commercial quantities and that it is light crude, perhaps 45 degrees API.

The most immediately exciting prospects are within the PDO areas in the central area of Oman. This year new finds at Zanliya, possibly capable of producing 10,000 b/d are due to come on stream. In 1985 and 1986, new fields at Suwahat, Rasha, Barik and al-Ghubar are expected.

Later there is an exploration and development programme for the southern fields.

Oman also has 6,000bn cubic feet of associated and non-associated gas. This, at present, is entirely used to power the main power stations in the north and the capital area.

It provides power for the copper project at Sohar now producing 1,000 tonnes of refined ore a week, the cement plant near Muscat and the new industrial estate at Rusail, just outside the capital area.

Doubts

Gas is also used for oil recovery. A recent estimate had it at 3,000bn cubic feet of gas will be needed for the next 40 years for domestic and industrial needs and a further 4,400bn cubic feet for enhanced oil recovery.

This is slightly more than current known reserves. But there is an extensive exploration programme and not just for associated gas but also "dry" or non-associated gas.

The Oman oil refinery at Mina al Fahal, near Muscat, went into operation. With a capacity of 50,000 b/d it can cater for all Oman's domestic needs and will, in due course, represent a foreign exchange saving.

It now looks doubtful that the much-mooted 200,000 b/d refinery, connected by pipeline to Saudi Arabia, and possibly sited in Salalah in the southern Dhofar province, will be built. The Bechtel Corporation is due to report soon, and the original idea was that the \$25m cost would be met by Saudi Arabia and other Gulf states.

The refinery would provide a useful hedge against any closing of the Straits of Hormuz. Both the Ministries of Finance and Petroleum have doubts about the viability of a refinery, although both are keen on a pipeline.

One pipeline that certainly is being built, or at least proved, is the existing internal pipeline. Much of the network is old and this has been one of the main obstacles to raising production much above 400,000 b/d. At a cost of \$200m a 30-in pipe is being built between Fahud and Nahadah, a 42-in pipe from Nahadah to High Point, and a 38-in pipe from High Point down to the coast.

A second phase will include replacing 325 km of the main line and providing extra loops for places like Sahmah Qarn Alam and Nahadah pumping stations.

When work is finished, hopefully in 1986, the network should be able to carry 650,000 b/d.

Stewart Dalby

was actually discovered in the 1950s, but its crude was heavy, 22 API. The discovery in Dhofar province subsequently discouraged exploration.

Today, the fields around Marzouq—Qabari, Bahab, Barba and Amrah together with a clutch of fields slightly further north around Rima and Jabman produce something over 100,000 b/d. The heavy crude goes by pipeline up to Nahadah where it joins the main pipeline from Fahud.

It is mixed with lighter crudes to give the Opec standard 34-35 API and exported from the Mina al Fahal terminal near Muscat. The reservoir pressure is maintained by natural water drive. Secondary recovery is not

yet needed but could be used in the future.

The main oilfields around Fahud, Lekhair, Yibal and Nath have declined and now produce around 250,000 b/d. Secondary recovery techniques—mainly gas and water injection to maintain pressure, keep production up.

The fields are becoming more expensive to operate. But not too expensive, according to Said Ahmed Said al-Shanfari, the Minister of Petroleum and Minerals.

He says Oman's most expensive oil costs \$7 a barrel to produce compared with \$20 for Britain's North Sea oil.

A further 50,000 b/d is produced from a group of central fields around Gama Alam and Habur. All this production is in the main petroleum Development Oman (PDO) concession area of 129,500 sq km.

PDO is now owned 60 per cent by the Government, 20 per cent by Shell International, 4 per cent by Compagnie Francaise des Petroles (CFP-Total) and 2 per cent by Parlex.

Until PD was reorganised in the mid-1970s, the Government had no equity interest in the concession granted to the operators. Now company policy is set by a nine-man board, five of whom are Omanis.

The Government gets 60 per cent of the oil and the companies take the rest. They are lightly taxed on their share of the oil. In practice the Government sells a lot of its oil back to Shell which has a management contract.

The only other group actually producing at the moment is Elf Aquitaine in partnership with Sumitomo and Wintershall. They have a Makt oil field, Sahma in the Subabul area of west central Oman.

Production started in November 1980 through a 95 km pipeline connecting the oilfield to the PDO pipeline. At present output is running at 10,000 b/d of light 40° API crude. This makes up the 400,000 b/d production level.

Carve-up

The Elf agreement and those with other concessionaires are on a production sharing basis whereby the concessionaire bears the costs of exploration and production development.

There is a provision for the recovery of the costs from a portion of the ultimate sales revenues (maximum 40 per cent).

The remaining major portion of the revenue is then shared between the Government and the concessionaire. The Government's share under these agreements is usually 80 to 85 per cent.

The most recent carve-up of concessions was in 1981 when PDO relinquished five areas. Amoco took a 49,000 sq km block in the north Oman moun-

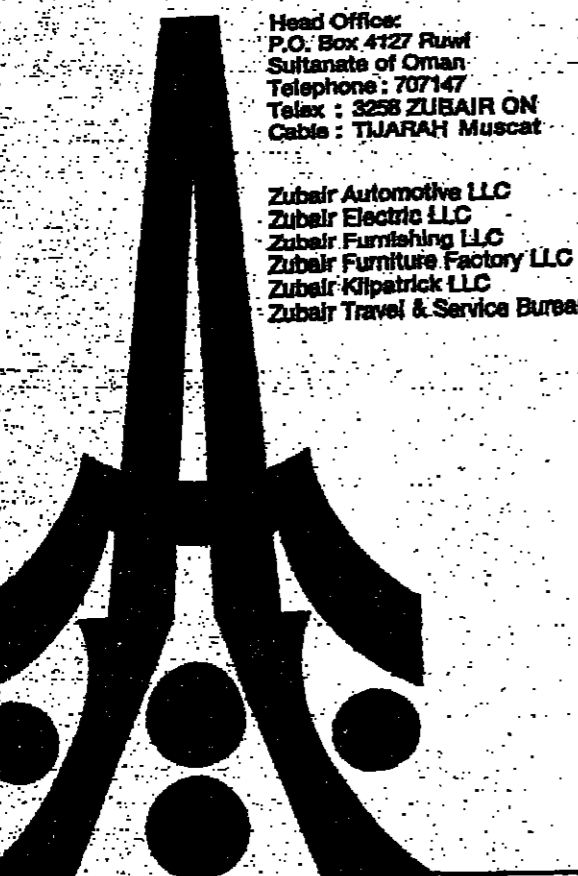
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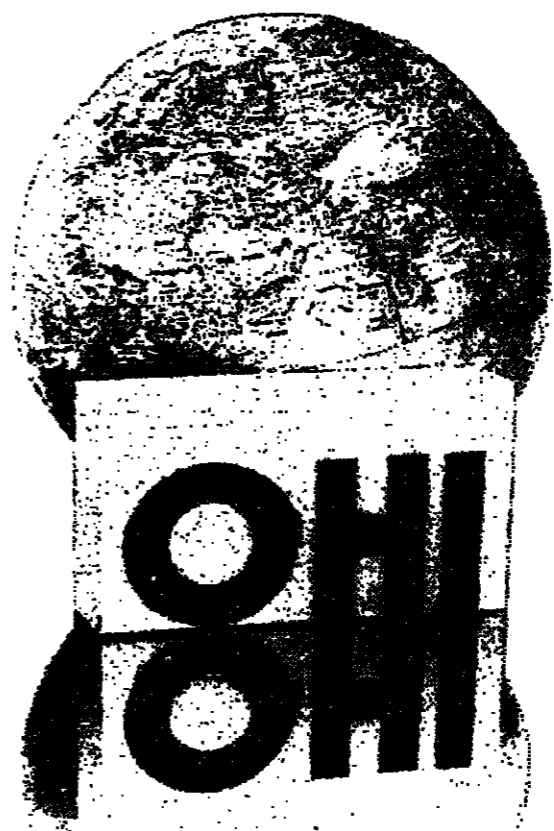
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OMAN VI

Bell tolls for endless engaged tones

Telephone system

IT IS easy to become frustrated with the endless engaged tones on the line when one tries to telephone Muscat during business hours but it is important to remember that most of Oman's telephone network was only installed during

the early 1970s and that the city itself has changed out of all recognition from a sleepy town to a thriving business community of over 250,000 people. With the rapid development in the requirement for better communications, the general telecommunications organisation (GTO) appointed Norway's Norconsult to plan a scheme that would completely modernise Oman's telephone system and put it on a par with the most modern system existing anywhere in the world. Norconsult's improvements were outlined in four contracts

The first one included new exchanges and lines for the capital area, the second long distance links from Firq, near Niwa, to Salalah and Firq to Ibril. The third covers the new telecommunications centre and the fourth the upgrading of the existing trunk cable from the capital area to Firq. The first two contracts were awarded to West Germany's Siemens at a total cost of OR 31.4m (\$90.9m) and are due for completion by October this year. Existing exchanges within the capital area are to be replaced with a digital tele-

phone switching system which has recently been described as a "leap in technology" and will completely modernise the telephone system. In addition a further 11 new exchanges are to be installed which will be connected by microwave links and underground cables. A number of coaxial cables are being upgraded to carry up to 115,000 telephone lines. Two new coaxial pulse code modulated cables are being installed from Muscat to the Al Bustan Hotel complex which is being constructed for the Gulf Co-operation Council summit tentatively scheduled for 1985.

Computer and other data systems can be linked into the new telecommunications system and GTO has recently ordered 40 Rapicom facsimile machines able to send documents via telephone within 20 seconds, which will be installed at post offices. In the region of 15,000 new tele lines have also recently been installed. The fourth contract to upgrade the existing trunk cable from the capital area to Firq was won by Sweden's Ericsson which installed the original network. The OR 1m contract upgrades the cable which carries 2,700 telephone lines and a TV and radio channel to carry 3,900 lines. A further contract has been awarded to Ericsson for inter-connection equipment to link existing exchanges with the new electronic systems.

A repeater station has been constructed at Firq and a second at Rusail by Douglas OHI which is also constructing the new telecommunications centre. The Rusail repeater station will serve the new university and the Rusail industrial estate.

Direct dialling

The long distance routes from Firq to Salalah and Firq to Ibril which make up the second contract are well under way and include 1,000 km of microwave links. Direct dialling to Salalah only came into operation in 1982 and at present Salalah is served by only 48 trunk lines through earth satellite stations. The new link provides channels for 900 telephone lines, one TV line and five sound channels. The channels will be connected to the Salalah earth satellite by solar-powered microwave towers which are already under construction. A 10,000 telephone line exchange at Ibril is currently under way and a number of other exchanges are planned throughout the rural areas.

The nerve centre of the telecommunications network is the telecommunications centre, an impressive fortress-like building adjacent to the GTO building in Greater Muscat. Construction of the building by British-Omani company Douglas OHI has been extremely rapid using the slipform technique of shuttering which was also used once before in Oman to build the Mina Qaboos grain silo. The 70-metre central tower only took two weeks to construct, rising at a foot an hour and the four surrounding towers were constructed in a week each. The central tower will be handed over to Siemens, which is installing the telecommunications equipment, in two weeks and when fitted with antennae will rise to a height of 98 metres—the tallest building in Oman. The four surrounding towers will house air conditioning and lifts.

Monitor

The Ministry of Posts, Telegraphs and Telecommunications has also drawn up detailed plans for the installation of frequency monitoring stations throughout the Sultanate which will monitor all emissions and ensure that licensed operators are using their registered frequencies. The plan includes mobile monitoring stations and direction finding vans as a back up to ground stations, the first of which could go into operation by April this year. Another interesting project concerns a network of mobile telephones for use in vehicles with repeater stations throughout the country.

Jennifer Robb

Scope for big increase in catch sizes

Fisheries

UNLIKE agriculture, where there are doubts and uncertainties about increasing output and achieving self-sufficiency, the prospects for fishing are clearly good.

The total catch is put at 60,000 tonnes a year. However, recent surveys suggest that there is a stock of 300,000 tonnes of demersal (bottom feeding) fish, which would allow a total annual catch of 300,000 tonnes without seriously depleting stocks.

The main species found in Omani waters are rock cod, snapper and cuttlefish. The stock of pelagic (non-bottom feeding) fish is more difficult to ascertain, but the present catch of 40,000 tonnes a year of sardines indicates that a much higher yield is possible. Various studies suggest that there are large quantities of fish such as yellow fin tuna, anchovy and kingfish.

Some 11 to 45 tonnes of lobsters could be caught a year while large quantities of abalone are found in the waters of the south. Oysters grow freely along the rocky parts of coastline, and as yet are not commercially exploited at all.

There are possibly 7,000 to 8,000 fishermen, most of whom have modest outboard craft, or even sailing fishing boats. The Oman National Fisheries Company was set up in 1980 to enable fishing to be carried out on a larger scale. The company, 60 per cent owned by private investors, 20 per cent owned by the government and 20 per cent by individual fishermen, operates four trawlers. In 1981, its first full year of operation, it is believed to have made a profit of OR 800,000 (£1.6m).

The company runs the Muttrah Fishing complex, which consists of fish processing, an ice plant and large freezing and cold storage facilities. The government has also been

involved in joint ventures with foreign concerns. First there was an agreement with a New Zealand concern, although this was largely confined to surveys and exploration. Between 1975 and 1977, the government operated an agreement with a Japanese consortium. This was taken over by the Korean Overseas Fishing Company. The idea was that Oman would get 30 per cent of the catch, since the Koreans have been hauling less than 10,000 tonnes a year and this has been below expectations, there is a question mark over the future for joint ventures.

Equipment loans The poorer than expected showing by the Koreans has, in part, led the Omanis to believe that they are perhaps not quite ready for large scale deep sea fishing within their 200 mile zone, one minister put it: "We do not have the manpower or the expertise to run a large deep sea fleet."

Despite the success of the Oman National Company, the emphasis during the rest of the second five year plan will probably be on the small fisherman to try to increase productivity. The Oman Agriculture and Fisheries Bank was set up three years ago specifically to provide loans for equipment to farmers and small fishermen. Fishermen can obtain grants of up to two-thirds of the cost of the equipment. A total of about 500 boats and 2,000 outboard motors have been supplied through the bank.

The other aspect of fisheries development is the Government's setting up and promotion of processing and cold storage around the country. There are now 13 such centres, with facilities ranging purely from cold storage to an ability to process and treat the fish.

Some experts feel there is plenty of scope for downstream activities such as canning and fishmeal manufacture. The Government, however, does not feel it is quite ready for this.

Stewart Dalby

Aiming for food self-sufficiency

OMAN'S second five year plan 1981-85 estimates that there are a total of 41,024 hectares of land under cultivation. Of this 49.2 per cent was under date cultivation. Some 5 per cent was lines, 4.6 per cent vegetables and 18.6 per cent others. In terms of livestock in 1980 there were 1.2m goats, 138,000 sheep, 318,000 cows. There are no precise figures for how much food Oman imports but the Ministry of Finance estimates that Oman is 60 per cent self-sufficient in food. Its main food imports are wheat, rice and other cereals. Oman does, however, export food. The plan says that farm produce and fish were worth

about OR 40m (\$80m) in 1981 about 10 per cent higher than the figure for 1980. Approximately OR 5m worth of these products was exported, mostly dates, lines, fruit, fish and vegetables. The figure is rough, because some food was cross-border trade where there are no customs posts. In the Musandam peninsula, for example, where the 15,000 population depend on fishing for a livelihood, most of the fish is sold across the border in the UAE. The hope is that Oman can become not only self-sufficient in food by the end of the Plan period, but also that it can significantly increase exports.

Total development expenditure on agriculture and fisheries until 1985 is estimated at OR 110m, five times the amount spent on developing this sector in the first five year Plan. Of this OR 45m is for agriculture, OR 25m for fisheries but the remainder for administrative construction. It is not known how much more land could be brought under cultivation. One recent survey suggested that depending on water supplies the acreage could be doubled to 80,000 hectares. This would not be sufficient with present production techniques to make the country self-sufficient in food. But there are great hopes for increasing productivity.

Urgent need to raise level of skills

Agriculture

TRADITIONAL agriculture in Oman was very slow in changing. The farmers and the rural communities of which they formed a part had an inherited understanding of the value and fragility of local resources and a long-standing and naturally conservationist attitude to their usage. One sees this, for example, in the prohibitions against felling wild trees or in the communal maintenance of the falj and in the Dhofar mountains, in the annual cycle and the tribal distribution of cattle grazing rights. Conservation was an integral part of land/water development and usage. Similarly, conflict between the aims of modern agricultural development and the aims of conservation should not exist; development is only achieved when it is sustainable in the longer term and for the common good; conservation is controlled development (not lack of change), and should also sustain development in the longer term for the common good. Yet conflict does exist and may be viewed primarily as one of time-scale; developers are often constrained by financial or policy circumstances to seek rapid results, while conservationists have their minds on the well-being of future generations and the resources for their usage. But apart from the question of time-scale, attitudes to resource conservation are markedly affected by the degree of dependence on them. When livelihood—and life itself—depends on the falj running or the rangeland being maintained in good heart, then fear of disaster due to abuse of the system concentrates minds on maintaining it in good order. Oil has changed all this—although relative to Oman's agricultural time-scale it is a very transient phenomenon. Not only has oil changed radically the apparent value of almost every aspect of Omani life, economic and social, the changes are constantly, rapidly and unpredictably altering, making it impossible to settle into a new long-term understanding of the correct balance between conservation and development.

Oil has also, albeit temporarily, largely removed that degree of dependence on rural resources which, as noted above, has always focused men's minds on the need to "conserve" them. Only a small proportion of rural wealth is being generated from within the villages today and therefore the villages, as economic entities, are in danger of becoming irrelevant. There is far less local concern that the over-exploitation of resources to supply short-term needs might have very harmful long-term consequences. One might imagine, however, given the oil scenario, that a natural conservation would be taking place born of a decline in farming. That this is not the case is today because oil wealth has permitted all classes of farmer, from large to small, to indulge in non profit-making "hobby" farming and partly because it has brought in new technology, notably the tractor and the medium lift pump, which has taken away the "sweated" labour aspect of Omani farming but of whose long-term consequences nobody is sure—least of all the small farmers who use it. The government of Oman is acutely aware of the development/conservation conflict. It is typical that the country should have hosted, in September 1983, an UICN-backed international conference to examine these questions as they relate to Dhofar and its unique mountain grasslands, which are annually regenerated by relatively dependable monsoonal "drizzle" lasting from June to September. The stability of the indigenous cattle pastoralist culture is dependent on the monsoon but has been profoundly affected by the Jebel war (which ended in 1975) and its aftermath. In recent years the government, naturally anxious to rehabilitate the area, and with the by-products of the Oman flour mill newly available, has provided subsidised pelleted feedstuffs to the cattle owners. This assistance has helped overcome the problem of food

shortage at the end of the dry season, the Government to "conserve" the many thousands of small farmers and to "develop" their skills. At the point where they are maximising production per unit of land and water, production is held to the number of cattle raised in the 1980s—in some respects very different from that of pre-oil Oman. This is a dauntingly difficult task for the Ministry of Agriculture—far harder than the development work being done by other Ministry departments. What, for example, does one do with the Betina date gardens which, in total, consume large volumes of water and occupy 70-80 per cent of the cropped land; produce low yields of poor quality in ever-increasing demand? Not only are the farmers psychologically wedded to the palms; there are very few other remunerative crop systems that fit within their present level of competence and they have no knowledge of crop systems which require the sophisticated irrigation/land use techniques demanded by the need to conserve water. Should Oman, therefore, squeeze its small producers and concentrate on the needs of the small but growing number of larger farm units? These units have more capital, can import skilled management and are generally free of date palms. They could also produce the bulk of Oman's demand for eggs, poultry, milk, vegetables and water melons. Yet to squeeze the smaller farmers would impose "obvious" social problems and it should be possible to channel the energy of at least some of them into other production systems—for example livestock or tree crops. But the level of skill must be developed rapidly otherwise Oman may be forced into retraction in order to conserve water, as in the neighbouring UAE. This is a policy which might appeal to the growing urban market because it would mean continuing free access to cheap food imports but it would be essentially a failure to recreate, in a modern context, Oman's true rural development and conservation are the same thing.

Roderic Dutton

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Careful watch on pace of development

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Tourism

SPECTACULAR mountains, a rugged coastline, long white sandy beaches and ancient heritage complete with forts and castles make Oman one of the most desirable countries in the region for the tourist industry. Yet much of the country's charm is due to its having been spared mass tourism.

Oman's tourism potential is vast and visitors are attracted to the country's rich history and culture. The official government policy is to develop tourism as a major source of income and employment. The Ministry of Tourism is currently studying the possibility of introducing a visa-free policy for tourists from the Gulf region.

The Ministry of Tourism is currently studying the possibility of introducing a visa-free policy for tourists from the Gulf region. This would be a significant step towards making Oman more accessible to international tourists.

A feasibility study on tourism was carried out some years ago for the government. It was found that Oman has a high potential for tourism, particularly in the areas of heritage and nature.

The study also identified the need for improved infrastructure and services to support the tourism industry.

Palace

South of Bahla lies the village of Jabrin, where there is a superb 17th century fortified palace which has been painstakingly restored and contains beautiful painted sandalwood ceilings. Scungled into the hillside is Al-Hisari, with its charming covered souq where great pots of halwa, a local sweetmeat, are stirred over open fires.

An easy drive north west of Muscat, under the southern flank of the Hajar Mountains, lies Rustaq, gateway to the valley of the Jebel Akhdar, which has a large but crumbling fort and superb hot springs.

En route one passes the massive early 18th century fort of Al-Hisari. Most major forts in Oman can be visited with a pass obtained from the Ministry of Heritage and Culture.

The opening of the Sohar Hotel, another private sector venture due for completion in 18 months' time, will facilitate a weekend circuit through Niwra, Ibra, Buraimi and along the Wadi Jizzi to Sohar, once a thriving sea port some 210 km west of Muscat.



The fort at Niwra—a favourite with tourists.

Already a weekend attraction for visitors from Muscat is Niwra, once the ancient capital of the interior, with its 17th century fort, fascinating souq and restful date palm plantations. The 20-room Niwra Hotel, makes a useful base from which to explore surrounding picturesque villages.

The capital area already has four international hotels—the government-owned Muscat International, which received the Gulf Travel Trade Hotel of the Year Award for 1983 and has 300 rooms; the Gulf, which is smaller with 100 rooms but with very good facilities; the Ruwi in the heart of the business district with 100 rooms and a 100-room extension about to come under construction; and the Al Felaj with 150 rooms which has recently added a sports club extension to include a glass-walled squash court, artificial grass tennis court and a gymnasium.

There are also smaller hotels, the Minhal with 57 rooms and the Minhal in Muscat with 51 rooms. Opening in March is the 177-room Novotel airport hotel and on the beach at Al-Rustaq a luxury 200-room hotel and conference centre is opening for the 1984 GCC summit. Opening in 1985 will be the 450-room Sheraton Hotel in the Wadi Kabir.

In the eastern part of Oman, known as the Sharqiyah, are the historic towns of Ibra and Sur, on the coast. Along the road to Sur at Al-Mudairih, the Department of Tourism, part of the Ministry of Commerce and Industry, is building a 10-room resthouse including a 50-seat restaurant for local tourists. A further three resthouses with petrol stations and repair shops are being built along the 500 km highway from Muscat to Salalah at Ghuba, Al-Ghaffar and Wadi Qidit and will open in the spring.

The southern region Dhofar also has tourist potential particularly in late September/early October when the summer monsoon rains leave the mountains unbelievably green and lush, a startling contrast to the rest of Arabia. Long white sandy beaches fringed with coconut palms and the ancient ruins of Al-Baleed and Sumburan make Salalah well worth a visit.

Oman is without doubt a magnificent and fascinating country to visit and as long as the current tourism policy remains, those that are lucky enough to enter Oman have the unusual privilege of benefiting from luxurious facilities in a totally unspoilt country.

Jennifer Robb

Migrants continue to meet shortage

Labour

OMAN IS very short of labour, particularly for the growing needs of the "modern" sector of the economy. This ever-increasing urban labour demand, however, exists side by side with rural under-employment. Paradoxically, a significant part of the rural labour force is exported to the Gulf while a large and growing urban labour force is imported from the Indian sub-continent.

Rural under-employment is partly endemic but also partly the result of the relative and absolute decline in the incomes generated by a whole range of traditional rural productive industries—not only agriculture—as a side-effect of oil wealth. For decades men from the rural areas have migrated for work to what were the newly oil-rich Gulf states, starting in Bahrain but now mostly in the United Arab Emirates and Saudi Arabia. When Oman itself started to export oil in 1967, leading to urban development and the rapid expansion of the armed forces, the police and other service sector jobs,

there was a new labour migration from the rural areas—but this time within Oman. It was estimated by Birks and Sinclair that 38,000 men were employed outside Oman in 1978, representing 23 per cent of the domestic labour force. Since then the number may have declined; a World Bank report estimated only 20,000 in 1980. Their departure has been associated with a decline in rural productive activity such as camel and goat herding, falaj maintenance, the cultivation of wheat and rural crafts but their migration from their villages may be as much a consequence as cause of that decline.

Official statistics indicate a rise in migrant remittances from Oman in 1978 and 1982. But it is likely that the true sums being passed back to the villages are far greater; from internal migrants, from cash in the pockets of migrant returnees at weekends (the UAE dirham is an acceptable currency in the souqs of northern Oman) and as goods purchased in the AUE and brought home. Certainly very large (in total) sums of money have been invested in rural Oman over the past decade, not only in consumer durables and improved housing but also in shops, workshops and small businesses and in the primary industries of agriculture and fisheries. This investment has generated some new jobs to which must be added government service jobs in the growing number of town councils, police stations, health and social services and education.

Remote

But while most of the government jobs have gone to Indians and Pakistanis who construct the new buildings, staff the shops, workshops and restaurants and are also to be found in even the remotest villages, on the land they occupy these positions partly because they have the necessary skills but also because they are cheap; they will work in rougher conditions for less money than unskilled Omanis need accept because he can still find a less demanding and more remunerative job by migrating from the village.

No census has been taken of the population, most of whom live in the rural areas. Various estimates have been made. One by the World Bank in 1980 gave 780,000 (equivalent in about 1980 today assuming a 3 per cent annual growth rate), of whom 160,000 were in the domestic labour force; 36,000 in the private modern sector, 25,000 in the public sector and the remainder rural and mainly traditional. Just under half the total population is under 15 years of age, so in the next 10-15 years many people will be entering the labour market

Skilled

By 1985 there will therefore be a shortfall of over 8,000 technically qualified and semi-qualified manual workers are likely to be Omani. Overall the non-Omani share of the labour force will have risen from 47 per cent to 55 per cent. In the modern sector (i.e. excluding most agriculture) the non-Omani share will rise above 70 per cent. Even more significant, most of the Omani 30 per cent employed in public administration, finance, services and trade, leaving the Omani share in manufacturing and construction at only 9 per cent. The government is especially encouraged to provide diversification.


Who will fill the labour gap? First and foremost, migrants. One branch of government, the Ministry of Education and Youth Affairs, with nearly 12,000 employees, had only 33 per cent Omani participation; almost all teachers are expatriates.

In the private sector (mostly modern) the number of migrant workers is well on course for an estimated 235,000 by 1985. Between 1979 and 1978 the numbers grew from 14,000 to 71,000 and by 1982 there were 187,000 labour cards issued for private sector employees. In 1982 94 per cent of these were from the Indian sub-continent. Significantly, about 80 per cent of the total earned less than OF 90 a month—a wage for which (Omani man (skilled or unskilled) would be prepared to work.

Assuming the total of non-nationals employed does rise to 235,000 by 1985, including dependants this will mean a minimum of 285,000 inhabitants, or 20 per cent of the total population. By 1995 the World Bank has projected 440,000 non-nationals employees—indicating a very long-term migrant labour requirement.

But the cost is high. Without considering possible political or social costs, remittances leaving Oman jumped between 1978 and 1982 from RO 82m to RO 251m, equal to 25 per cent by value of all imports. Herein lies the country's development dilemma. Can it afford this outlay—yet can it afford not to afford it?

Roderic Dutton




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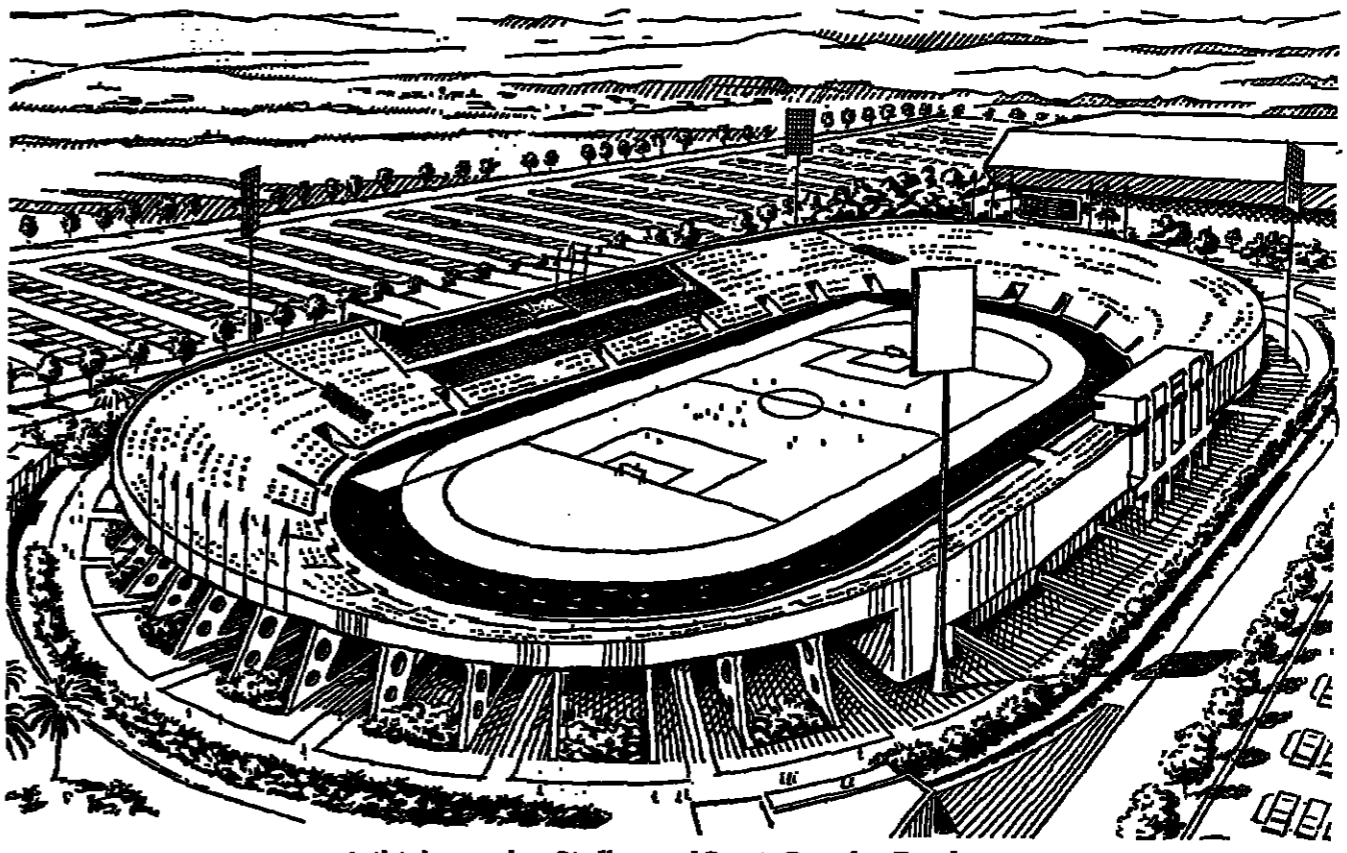
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All eyes on the Straits of Hormuz

Defence

AS THE perceived threat to Oman has changed so have its defence priorities. The "sharp end" or front line in Oman's thinking now is the Masandum peninsula, and particularly Goat Island. This is an outcrop of barren rock at the northern tip of the peninsula in the Straits of Hormuz.

Here, a Navy detachment led by a British commander keeps a 24-hour watch, not only on the shipping traffic through the Straits—at the widest point, depending on which islands you include, Oman is just 20 miles from Iran—but also on which shipping, both commercial and military, is going into Bandar Abbas, thought to be Iran's only properly functioning port.

The radar on Goat Island is linked to an unmanned radar station on Qoins Island which is closer to the middle of the Straits. Should Ayatollah Khomeini try to make good his threat to close the Straits, the radar would immediately pick up any untoward activity.

A picture of the Straits and the shipping lanes comes up on the screen. A lieutenant moves a circle over the dots, and immediately is given a readout on a computer of where the vessel is, how fast it is moving and in which direction.

The direction is important. Since 1979 Oman has policed the Straits under a traffic

separation scheme. East to west traffic moves in the lane nearest Oman, west to east in the lane nearest Iran. Both lanes are in the 12 miles of territorial water claimed by Oman.

The radar does not tell exactly what the ships are; identification of the vessels is the job of the Oman Navy. At the moment, the navy consists of a province class ship, called the Dhoaf. This has a speed of 25 knots and can carry a cargo of six MM 40 Exocet missiles, with a range of 40 miles.

Two more Province class ships are on order, and there could be more to come.

Patrol boats

There are also six Bravo class patrol boats. These are 30 metres long, have 76 mm anti-aircraft cannon and carry 98 mm Exocets. They have the advantage of being able to move in and out of the many inlets around the Masandum peninsula. Only one of the Bravos is still being commanded by a British lieutenant-commander, the rest have been handed over to Oman's own navy with the Sultan's wish to Omanise the armed forces.

On only one occasion has an Iranian boat strayed into Omani waters and that was a navigational error. There is much talk that Iranian Phantom F4 aircraft have swooped low over Bravo ships giving the 30-metre crews a fright, but Army and Navy spokesmen decline to confirm this.

A total of about 850 ships



Tank squadrons on parade on National Day.

went east to west through the Straits last December and 760 west to east. This means about 50 ships a day passed through, and more than half of these would be oil tankers. It is now 25 per cent of the Western world's oil supplies come through the Straits.

Three of the Bravo vessels are on patrol in the Straits at any given time, forming the cutting edge of the Sultanate's

newest armed force, the Navy. There are something over 2,300 men in the Navy, and for the moment the commander is a seconded British rear-admiral. Eventually however, he will be an Oman subject.

In the past year Goat Island has received its first detachment of troops. The Army will not say how many men are there, but judging from the new barracks being built the total probably will be between 100

and 200. They could well be soldiers of the Sultan's special forces, modelled on Britain's SAS. Their purpose is as a deterrent against any commando raid that may be contemplating.

Behind this "sharp-end" deployment is a very good small army, certainly acknowledged by its neighbours as the best small army in the region.

The Sultan's armed forces are best known for having won the guerrilla war of the southern province of Dhofar (1969-75).

The Army largely had British officers at the time, and concluded one of the most successful counter insurgency campaigns since the Second World War against raids from neighbouring South Yemen.

Today the Army has a standing force of 16,000 including eight infantry battalions. There is a southern brigade and a northern brigade. At any time three battalions (850 to 1,000 men) are on rotation in the south. Once the scene of intense military activity, the beautiful Jebel Qara mountains are not able for their wildlife and flora. There are still some 5,000 Greek mountain irregulars, on the Sultan's payroll. The Sultan is also still about 500 British officers in Oman but the armed forces are slowly being Omanised. All the battalions but one have Omanise lieutenant-commanders in charge. The Sultan who himself was at Sandhurst military college, is Commander-in-Chief of the armed forces.

Later this year the British commander of the Army, a seconded major-general, is due to be replaced by Maj-Gen Nasseb Bin Ahmad al-Hadadi.

The Army, primarily an infantry force in the insurgency days, has now been buttressed by artillery units which have arms that include 105mm and 150mm guns—some of them Chinese. There are also armoured units which include two squadrons of Chieftain

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Impressive build-up of resources

Education and health

EDUCATION AND health were the two most pressing basic tasks to which Sultan Qaboos had to tackle when he took power from Sultan Said his father in 1970.

The statistics for schools and hospitals have almost entered Omani mythology. That there were only three primary schools and one proper hospital with 12 beds in Muscat in 1970 are facts which every visitor quickly becomes acquainted. The primary schools were for boys only and apart from quarantine schools were the only forms of schooling available.

Only those with families rich enough to afford it were able to obtain an education abroad.

Today there are 431 primary, preparatory and secondary schools with 138,170 pupils of

both sexes and nearly 7,000 teachers.

The second five-year plan (1981-85) seeks to provide at least a primary education free for every Omani child by the start of 1985. To achieve this another 140 schools will be built. At the moment it is estimated that primary education at least is reaching around 80 per cent of all the children who want it.

As for girls, who before 1970 received no formal education at all, it is estimated that they make up one third of total enrolment. The aim during the second plan period is to give equal opportunities for girls.

The two major problems in the early days of the programme was the need to get schooling started quickly. This resulted in classes being conducted in tents and in huts, with large classes and few amenities.

During the second plan period spending on education is budgeted at OR\$4m (£169m). This includes new quarters for teachers and construction of administrative buildings. Of the total OR\$4m

THE GROWTH OF EDUCATION

	69/70	74/75	78/79	80/81	82/83
Schools	3	176	352	373	455
Pupils	909	48229	85327	106932	140582
Teachers	30	2115	3865	5131	6375
Average Teachers per school	10.0	12.0	11.0	13.8	14.5
Pupil-Teacher ratio	30.3	23.3	22.2	20.3	21.4

has been earmarked for the building and equipping of new schools and institutes.

It is estimated that 94 schools need to be rehoused and this task should be carried out by 1985.

The other main problem the country faced was that it was difficult to attract teachers to parts of the interior and it thus took time to spread education throughout the country. Because Oman started from scratch, it is hardly surprising that even today, more than 70 per cent of teachers are foreigners, mostly Egyptians.

With the building of an extensive road system and improved communications generally, getting teachers to go to isolated spots has become less of a problem.

Apart from building schools to ensure an education for the young, the Government holds literacy classes which are attended by more than 6,000 men and women. A further 5,000 study at adult education centres.

For those who are unable to attend these centres there is a free study at home programme.

The Government estimates that the literacy campaign is broad enough to cover all those who want to take advantage of it including farmers in the interior.

Sheikh Amer Al-Amir, the old educationalist who once ran Zanibar's education system, is a strong force behind the literacy campaign. He has admitted that there are worries about standards. He, along with the Sultan is anxious that standards are in line with western universities. To this end, the Sheikh has been in touch with Oxford University and has been receiving advice.

The aim is to establish a university of quality with international recognition.

Oman's achievements in health are no less impressive than those in education.

While there was only the one hospital with 12 beds in Muscat and nine health centres and 10 dispensaries, today the Ministry of Health operates 14 hospitals and 13 health centres with a total of 2,000 beds. This gives a ratio of one bed to every 750 of the population (the Ministry works on the basis of a population of 1.5m). This compares favourably with the figure in most western countries. The Ministry of Health claims.

In addition the Ministry operates 62 dispensaries, six small health centres and four maternity clinics. Some 20 mobile medical teams serve people living in remote areas. The Ministry also maintains 15 public health centres and 46 public health units.

The Ministry has chalked up some conspicuous successes in preventive fields. Malaria control measures are being applied progressively to cover the entire country by the end of 1985.

In the case of trachoma, the eye disease which can cause blindness and which has been called the scourge of the Middle East, there has been great progress. From an incidence of 80 per cent in 1976, the World Health Organisation recently estimated that it was down to 7 per cent in the interior and had been eradicated from small children completely in the capital.

Strong force

Other three faculties will be engineering education and Islamic studies. The annual intake of students will be headed by education and Islamic studies with 250 followed by engineering (100), agriculture and science (80 each) and medicine (72).

Learning English

Omani schools teach English as a second language from primary standard four. By the time pupils graduate from secondary three they have had nine years of learning English. This is important because many of the people who are capable of benefiting from further education go overseas, particularly to Britain and the U.S.

The country has a number of specialised technical schools and the present Institute of Agriculture at Niwza is being upgraded to a full college by 1988.

The crowning achievement of Oman's education system, however, is to be the Sultan Qaboos University. This highly ambitious and very costly scheme is due to receive its first students in 1985.

It has been argued that university could become the country's first real while elephant. Does a country with probably less than 1m people need a university of its own?

The cost of Sultan Qaboos University has been put at almost \$300m. That, at least is the cost of the contract won, in something of a coup by Britain's Cementation group, part of the Trafalgar House Group. Britain's Export Credit Guarantee Department covers the repayment of some of the costs.

The first students are due to arrive in 1985. The 10m sq km site is 20 miles from Muscat and allows for further expansion. The majority of students will live on the campus and 510 houses are being built for what will initially be a largely expatriate teaching staff.

To critics that the university is a folly and an extravagance the country can do with-

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